

**State:** Pennsylvania **Filing Company:** John Hancock Life Insurance Company (USA)  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** 2016 In-Force Rate Increase - Leading Edge  
**Project Name/Number:** /

## Filing at a Glance

Company: John Hancock Life Insurance Company (USA)  
Product Name: 2016 In-Force Rate Increase - Leading Edge  
State: Pennsylvania  
TOI: LTC03I Individual Long Term Care  
Sub-TOI: LTC03I.001 Qualified  
Filing Type: Rate - M.U. (Medically underwritten)  
Date Submitted: 05/09/2018  
SERFF Tr Num: MULF-131481752  
SERFF Status: Pending Industry Response  
State Tr Num: MULF-131481752  
State Status: Disapproved  
Co Tr Num: 2016 IN-FORCE RATE INCREASE - LEADING EDGE

Implementation  
Date Requested:  
Author(s): Michelle Fluet, Carol Folsom, Marie Roche, Joanne Witham  
Reviewer(s): Jim Lavery (primary)  
Disposition Date:  
Disposition Status:  
Implementation Date:

### State Filing Description:

Proposed 26.9% increase on 761 policyholders of John Hancock forms LTC-06 PA and LTC-06 FR PA.

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## General Information

Project Name:	Status of Filing in Domicile: Pending
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact: 26.9%	Filing Status Changed: 05/10/2018
	State Status Changed: 05/10/2018
Deemer Date:	Created By: Joanne Witham
Submitted By: Carol Folsom	Corresponding Filing Tracking Number:
	State TOI: LTC03I Individual Long Term Care

### Filing Description:

We are submitting the above captioned filing for your consideration. This submission was based upon information generated by our comprehensive 2016 claims study which examined the usage trend for our insured population. In general, we are seeing longer-lasting and more expensive claims and increased claim incidence at the older attained ages. As a result of the factors listed above, we are requesting a premium rate increase on the policy series listed below and are enclosing the actuarial memo and rates for your review and acceptance.

### Policy Series Approval Date Years Sold Increase Percentage

LTC-06 PA1/4/2008 2008 -2010 26.9%

LTC-06 FR PA1/4/2008 2008 -2010 26.9%

The proposed premium rates will be effective on the next policy anniversary date, following a 90-day policyholder notification period, which will be made as soon as practicable following state acceptance. As we will describe later in this letter, we will also offer affected insureds various benefit reduction options to help mitigate the impact of the rate increase.

### Policyholder Options

We are fully aware that a premium increase may be difficult for our policyholders. Therefore, we will provide all policyholders with an array of options which will help them mitigate the impact of any increase. Most important, for those policyholders who originally purchased lifetime 5% compound inflation we will provide them with the ability to retain their existing premium by decreasing their future inflation coverage to a lower percentage. These policyholders will be able to keep all accrued inflation increase amounts to date and the lower inflation index will apply on a prospective basis only. The endorsements and other applicable forms needed to implement the benefit reduction option will be filed under a separate forms submission.

In addition, policyholders will be able to reduce their benefit period, adjust their daily/monthly benefit amount, drop optional benefit riders or extend their elimination period.

Where the NAIC contingent nonforfeiture benefit or the nonforfeiture benefit (if purchased) is triggered, customers will be offered paid-up coverage in accordance with the applicable provision. We are allowing contingent nonforfeiture if the rate increase trigger is met for all affected policyholders, even if it was not otherwise required in your State. (Please note, that we will be voluntarily administering the enhanced contingent nonforfeiture benefit as described in the NAIC LTCi Model Regulation # 641 (2017) and the NAIC Model Bulletin "Announcement of Alternative Filing Requirements for Long-Term Care Premium Rate Increases" (as adopted by the Senior Issues Task Force on 8/9/2013.)

In addition, we are submitting for informational purposes only, our sample template policyholder communication package regarding the rate increase and landing spots. This package will be personalized for each customer and of course will vary by

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their respective situation (i.e., policy forms, benefit selection, etc.) This package is included in Supporting Documentation.

#### Past Losses Testing

Preventing companies from recouping past losses was the subject of a recent discussion by the Health Actuarial Task Force in late 2013. The accepted methodology by the Health Actuarial Task Force is to define past losses as actual past claims less expected past claims when determining loss ratio compliance where expected past claims are defined as the following:

Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase regardless of whether or not the rate increase is approved. Expected claims are calculated for each calendar year based on the in-force during the calendar year. Expected claims shall include margins for moderately adverse experience; the margins included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing.

The rate increases we calculated follow the methodology described above to ensure that we are not recouping past losses. This submission is being filed in all states and the District of Columbia.

## Company and Contact

### Filing Contact Information

Carol Folsom, Contract Consultant	cfolsom@jhancock.com
200 Berkeley Street	888-877-6075 [Phone]
Boston, MA 02117	617-572-0399 [FAX]

### Filing Company Information

John Hancock Life Insurance Company (USA)	CoCode: 65838	State of Domicile: Michigan
200 Berkeley Street	Group Code: 904	Company Type:
Boston, MA 02176	Group Name:	State ID Number:
(617) 572-6000 ext. [Phone]	FEIN Number: 01-0233346	

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## Filing Fees

Fee Required?	No
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Retaliatory?	No
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Fee Explanation:

<b>SERFF Tracking #:</b>	MULF-131481752	<b>State Tracking #:</b>	MULF-131481752	<b>Company Tracking #:</b>	2016 IN-FORCE RATE INCREASE - LEADING ED...
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## Correspondence Summary

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Disapproved	Jim Lavery	05/10/2018	05/10/2018

#### Response Letters

Responded By	Created On	Date Submitted
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## Objection Letter

Objection Letter Status Disapproved  
Objection Letter Date 05/10/2018  
Submitted Date 05/10/2018  
Respond By Date

Dear Carol Folsom,

**Introduction:**

May 10, 2018

Carol Folsom, Contract Consultant  
John Hancock Life Insurance Company (USA)  
200 Berkeley Street  
Boston, MA 02176

RE: Proposed 26.9% increase on 761 policyholders of John Hancock forms LTC-06 PA and LTC-06 FR PA;  
Pennsylvania Insurance Department ID #: MULF-131481752

Dear Carol Folsom:

The captioned filing has been reviewed by the Pennsylvania Insurance Department. It has been determined that the filing fails to meet the requirements of our Insurance Company Laws or regulations and is therefore disapproved pursuant to the authority granted under Section 304(a) of Act 134, the Accident and Health Filing Reform Act. In the event you have any questions regarding the stated concerns, please feel free to contact the Department for further clarification.

The disapproved filing may be resubmitted within 120 days of the date of disapproval. If the Department does not hear from you within 120 days, the subject filing will be permanently closed. Such filings resubmitted after 120 days must be submitted as a new filing, inclusive of appropriate filing fees and disclosure of the closed filing SERFF tracking number.

Please furnish the following information to the Department.

1. How many LTC-06 PA policyholders will be landing spot eligible?
2. How many LTC-06 FR PA policyholders will be landing spot eligible?
3. The memo indicates that there are 311 LTC-06 FR PA policies in force. Over 40% of the LTC-6 Series sales are on the franchise form. Is this due to corporate sponsorship? Do you believe that a significant portion of the LTC-6 Series sales nationwide was to employees of corporations that sponsored your product?
4. On page 14 of the memo, it is stated that the original pricing loss ratio for this product was 69.4%. Was this chosen for competitiveness reasons? Please discuss this choice of initial pricing loss ratio.
5. For the LTC-6 Series, John Hancock is permitting policyholders with 5% compound lifetime inflation to negate a 26.9% increase if they reduce their future indexing to 4%. Say that 100% of LTC-6 Series sales nationwide were to 55-year-olds (i.e. all 34,077 in nationwide LTC-6 sales had issue age 55). (a) What would the reduction in the 5% future indexing be to negate the 26.9% increase? (b) Same question if all sales were at issue age 60, (c) Same question if all sales had issue age 65.
6. Please provide Exhibit 1 in an Excel spreadsheet.

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Sincerely,

James Lavery, ASA, MAAA

Actuary

Bureau of Accident & Health Insurance

**Conclusion:**

Sincerely,

Jim Lavery

<b>SERFF Tracking #:</b>	MULF-131481752	<b>State Tracking #:</b>	MULF-131481752	<b>Company Tracking #:</b>	2016 IN-FORCE RATE INCREASE - LEADING ED...
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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Review & Approval
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	
<b>SERFF Tracking Number of Last Filing:</b>	

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
John Hancock Life Insurance Company (USA)	26.900%	26.900%	\$421,500	761	\$1,565,579	26.900%	26.900%

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## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Table	LTC-06 PA	Revised	Previous State Filing Number: A96194001 Percent Rate Change Request: 26.9	LTC-06 PA, LTC-06 FR PA.pdf,
2		Rate Table	LTC-06 FR PA	Revised	Previous State Filing Number: A96194001 Percent Rate Change Request: 26.9	LTC-06 PA, LTC-06 FR PA.pdf,



**Appendix B1**  
**John Hancock Life Insurance Company (U.S.A.)**  
**LTC-06 PA, LTC-06 FR PA**  
*Premiums to be used only with those*  
*that have not previously elected an inflation decrease option*

**Standard rates per \$10 of Daily Coverage**  
**100 Day Elimination Period**

Age	5% Compound Guaranteed Purchase			Automatic Inflation			5% Compound Inflation		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + \$1M Rider	3 Years	5 Years	5 Years + \$1M Rider	3 Years	5 Years	5 Years + \$1M Rider
18-29	15.23	20.31	29.19	62.19	78.69	110.42	97.73	144.69	208.15
30	16.50	22.85	33.00	66.00	82.50	116.77	105.35	152.31	218.31
31	17.77	24.12	34.27	67.27	85.04	119.31	107.88	154.85	222.12
32	19.04	25.38	36.81	68.54	86.31	121.85	110.42	157.38	227.19
33	20.31	26.65	38.08	71.08	88.85	125.65	112.96	159.92	232.27
34	21.58	27.92	40.62	72.35	90.12	128.19	114.23	163.73	236.08
35	22.85	29.19	41.88	73.62	92.65	130.73	116.77	166.27	241.15
36	24.12	31.73	45.69	74.88	95.19	134.54	119.31	168.81	246.23
37	25.38	33.00	48.23	77.42	96.46	137.08	123.12	172.62	251.31
38	26.65	34.27	49.50	78.69	99.00	140.88	125.65	175.15	256.38
39	27.92	36.81	52.04	81.23	101.54	143.42	128.19	178.96	261.46
40	29.19	38.08	54.58	82.50	104.08	147.23	130.73	181.50	266.54
41	30.46	40.62	57.12	85.04	107.88	152.31	133.27	184.04	270.35
42	33.00	43.15	60.92	88.85	111.69	157.38	135.81	185.31	275.42
43	34.27	45.69	64.73	91.38	115.50	163.73	138.35	187.85	279.23
44	36.81	48.23	68.54	95.19	119.31	168.81	140.88	190.38	284.31
45	38.08	50.77	72.35	97.73	124.38	175.15	143.42	192.92	288.12
46	40.62	53.31	76.15	101.54	128.19	181.50	145.96	195.46	293.19
47	43.15	57.12	79.96	105.35	133.27	187.85	148.50	196.73	298.27
48	45.69	59.65	85.04	109.15	137.08	194.19	151.04	199.27	302.08
49	48.23	63.46	90.12	112.96	142.15	200.54	154.85	201.81	307.15
50	50.77	67.27	95.19	116.77	147.23	208.15	157.38	204.35	312.23
51	53.31	69.81	100.27	120.58	149.77	214.50	159.92	209.42	319.85
52	55.85	72.35	105.35	123.12	153.58	219.58	162.46	214.50	326.19
53	59.65	74.88	110.42	126.92	157.38	225.92	165.00	219.58	333.81
54	62.19	77.42	115.50	130.73	159.92	232.27	168.81	224.65	341.42
55	66.00	79.96	121.85	134.54	163.73	238.62	171.35	229.73	349.04
56	69.81	86.31	129.46	140.88	171.35	250.04	178.96	238.62	365.54
57	73.62	91.38	138.35	148.50	180.23	262.73	186.58	247.50	382.04
58	78.69	99.00	147.23	156.12	187.85	275.42	194.19	256.38	399.81
59	82.50	105.35	157.38	163.73	198.00	288.12	203.08	266.54	417.58
60	87.58	112.96	167.54	171.35	206.88	302.08	211.96	276.69	436.61
61	95.19	123.12	180.23	181.50	219.58	319.85	224.65	291.92	455.65
62	104.08	133.27	194.19	190.38	233.54	338.88	237.35	308.42	474.69
63	112.96	144.69	209.42	201.81	247.50	359.19	251.31	326.19	495.00
64	123.12	157.38	224.65	213.23	262.73	379.50	265.27	345.23	516.58
65	134.54	171.35	242.42	224.65	279.23	402.35	280.50	364.27	538.15
66	148.50	189.12	266.54	241.15	303.35	436.61	303.35	393.46	574.96
67	162.46	208.15	293.19	257.65	328.73	473.42	327.46	425.19	615.58
68	178.96	229.73	322.38	276.69	356.65	512.77	352.85	459.46	658.73
69	196.73	253.85	355.38	295.73	387.11	555.92	380.77	496.27	704.42
70	215.77	279.23	390.92	317.31	420.11	602.88	411.23	536.88	752.65
71	242.42	312.23	431.54	349.04	463.27	651.11	453.11	588.92	816.11
72	274.15	347.77	475.96	384.58	510.23	701.88	500.08	647.31	885.92
73	308.42	388.38	525.46	422.65	562.27	757.73	550.85	710.77	960.81
74	346.50	434.08	580.04	465.81	620.65	817.38	606.69	780.58	1042.04
75	390.92	484.85	640.96	512.77	684.11	882.11	668.88	856.73	1129.61
76	435.35	540.69	714.58	561.00	748.85	974.77	722.19	937.96	1241.31
77	486.11	602.88	795.81	614.31	819.92	1077.58	778.04	1025.54	1363.15
78	541.96	671.42	885.92	673.96	898.61	1190.54	840.23	1123.27	1497.69
79	604.15	748.85	987.46	737.42	983.65	1316.19	906.23	1228.61	1646.19
80	665.08	823.73	1086.46	811.04	1082.65	1448.19	996.35		
81	731.08	906.23	1195.61	892.27	1190.54	1592.88	1096.61		
82	804.69	996.35	1314.92	981.11	1309.84	1752.81	1205.77		
83	884.65	1096.61	1446.92	1078.85	1440.58	1927.96	1326.34		
84	973.50	1205.77	1591.61	1186.73	1585.27	2120.88	1459.61		
85	1071.23	1326.34	1750.27	1306.04	1743.92	2332.84	1605.58		
86	1177.84	1459.61	1925.42	1436.77	1917.81	2566.38	1766.77		
87	1295.88	1605.58	2118.34	1580.19	2109.46	2822.77	1943.19		
88	1425.34	1766.77	2330.31	1738.84	2320.15	3104.54	2137.38		
89	1567.50	1943.19	2563.84	1912.73	2552.42	3415.50	2350.61		
90	1724.88	2137.38	2820.23	2104.38	2807.54	3756.92	2585.42		
91	1897.50	2350.61	3102.00						
92	2087.88	2585.42	3411.69						
93	2297.31	2844.34	3753.11						
94	2527.04	3128.65	4128.80						
95	2779.61	3442.15	4541.30						
96	3057.57	3786.11	4995.69						
97	3363.46	4164.34	5495.76						
98	3699.80	4580.65	6045.34						
99	4070.42	5038.84	6649.49						
100+	4477.84	5542.72	7314.57						

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,  
or for attained age GPO purchases and GIO purchases only

**Appendix C1**  
**John Hancock Life Insurance Company (U.S.A.)**  
**LTC-06 PA, LTC-06 FR PA**  
*Premiums to be used only with those*  
*that have not previously elected an inflation decrease option*

**Standard rates per \$10 of Daily Coverage**  
**100 Day Elimination Period**

Age	4% Compound Inflation		
	Benefit Period		
	3 Years	5 Years	5 Years + \$1M Rider
18-29	77.00	114.00	164.00
30	83.00	120.00	172.00
31	85.00	122.00	175.00
32	87.00	124.00	179.00
33	89.00	126.00	183.00
34	90.00	129.00	186.00
35	92.00	131.00	190.00
36	94.00	133.00	194.00
37	97.00	136.00	198.00
38	99.00	138.00	202.00
39	101.00	141.00	206.00
40	103.00	143.00	210.00
41	105.00	145.00	213.00
42	107.00	146.00	217.00
43	109.00	148.00	220.00
44	111.00	150.00	224.00
45	113.00	152.00	227.00
46	115.00	154.00	231.00
47	117.00	155.00	235.00
48	119.00	157.00	238.00
49	122.00	159.00	242.00
50	124.00	161.00	246.00
51	126.00	165.00	252.00
52	128.00	169.00	257.00
53	130.00	173.00	263.00
54	133.00	177.00	269.00
55	135.00	181.00	275.00
56	141.00	188.00	288.00
57	147.00	195.00	301.00
58	153.00	202.00	315.00
59	160.00	210.00	329.00
60	167.00	218.00	344.00
61	177.00	230.00	359.00
62	187.00	243.00	374.00
63	198.00	257.00	390.00
64	209.00	272.00	407.00
65	221.00	287.00	424.00
66	239.00	310.00	453.00
67	258.00	335.00	485.00
68	278.00	362.00	519.00
69	300.00	391.00	555.00
70	324.00	423.00	593.00
71	357.00	464.00	643.00
72	394.00	510.00	698.00
73	434.00	560.00	757.00
74	478.00	615.00	821.00
75	527.00	675.00	890.00
76	569.00	739.00	978.00
77	613.00	808.00	1074.00
78	662.00	885.00	1180.00
79	714.00	968.00	1297.00
80	785.00		
81	864.00		
82	950.00		
83	1045.00		
84	1150.00		
85	1265.00		
86	1392.00		
87	1531.00		
88	1684.00		
89	1852.00		
90	2037.00		
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100+			

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,  
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**Standard rates per \$10 of Daily Coverage**  
**100 Day Elimination Period**

Age	5% Compound Guaranteed Purchase			Automatic Inflation			5% Compound Inflation		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + \$1M Rider	3 Years	5 Years	5 Years + \$1M Rider	3 Years	5 Years	5 Years + \$1M Rider
18-29	15.23	20.31	29.19	62.19	78.69	110.42	97.73	144.69	208.15
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32	19.04	25.38	36.81	68.54	86.31	121.85	110.42	157.38	227.19
33	20.31	26.65	38.08	71.08	88.85	125.65	112.96	159.92	232.27
34	21.58	27.92	40.62	72.35	90.12	128.19	114.23	163.73	236.08
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38	26.65	34.27	49.50	78.69	99.00	140.88	125.65	175.15	256.38
39	27.92	36.81	52.04	81.23	101.54	143.42	128.19	178.96	261.46
40	29.19	38.08	54.58	82.50	104.08	147.23	130.73	181.50	266.54
41	30.46	40.62	57.12	85.04	107.88	152.31	133.27	184.04	270.35
42	33.00	43.15	60.92	88.85	111.69	157.38	135.81	185.31	275.42
43	34.27	45.69	64.73	91.38	115.50	163.73	138.35	187.85	279.23
44	36.81	48.23	68.54	95.19	119.31	168.81	140.88	190.38	284.31
45	38.08	50.77	72.35	97.73	124.38	175.15	143.42	192.92	288.12
46	40.62	53.31	76.15	101.54	128.19	181.50	145.96	195.46	293.19
47	43.15	57.12	79.96	105.35	133.27	187.85	148.50	196.73	298.27
48	45.69	59.65	85.04	109.15	137.08	194.19	151.04	199.27	302.08
49	48.23	63.46	90.12	112.96	142.15	200.54	154.85	201.81	307.15
50	50.77	67.27	95.19	116.77	147.23	208.15	157.38	204.35	312.23
51	53.31	69.81	100.27	120.58	149.77	214.50	159.92	209.42	319.85
52	55.85	72.35	105.35	123.12	153.58	219.58	162.46	214.50	326.19
53	59.65	74.88	110.42	126.92	157.38	225.92	165.00	219.58	333.81
54	62.19	77.42	115.50	130.73	159.92	232.27	168.81	224.65	341.42
55	66.00	79.96	121.85	134.54	163.73	238.62	171.35	229.73	349.04
56	69.81	86.31	129.46	140.88	171.35	250.04	178.96	238.62	365.54
57	73.62	91.38	138.35	148.50	180.23	262.73	186.58	247.50	382.04
58	78.69	99.00	147.23	156.12	187.85	275.42	194.19	256.38	399.81
59	82.50	105.35	157.38	163.73	198.00	288.12	203.08	266.54	417.58
60	87.58	112.96	167.54	171.35	206.88	302.08	211.96	276.69	436.61
61	95.19	123.12	180.23	181.50	219.58	319.85	224.65	291.92	455.65
62	104.08	133.27	194.19	190.38	233.54	338.88	237.35	308.42	474.69
63	112.96	144.69	209.42	201.81	247.50	359.19	251.31	326.19	495.00
64	123.12	157.38	224.65	213.23	262.73	379.50	265.27	345.23	516.58
65	134.54	171.35	242.42	224.65	279.23	402.35	280.50	364.27	538.15
66	148.50	189.12	266.54	241.15	303.35	436.61	303.35	393.46	574.96
67	162.46	208.15	293.19	257.65	328.73	473.42	327.46	425.19	615.58
68	178.96	229.73	322.38	276.69	356.65	512.77	352.85	459.46	658.73
69	196.73	253.85	355.38	295.73	387.11	555.92	380.77	496.27	704.42
70	215.77	279.23	390.92	317.31	420.11	602.88	411.23	536.88	752.65
71	242.42	312.23	431.54	349.04	463.27	651.11	453.11	588.92	816.11
72	274.15	347.77	475.96	384.58	510.23	701.88	500.08	647.31	885.92
73	308.42	388.38	525.46	422.65	562.27	757.73	550.85	710.77	960.81
74	346.50	434.08	580.04	465.81	620.65	817.38	606.69	780.58	1042.04
75	390.92	484.85	640.96	512.77	684.11	882.11	668.88	856.73	1129.61
76	435.35	540.69	714.58	561.00	748.85	974.77	722.19	937.96	1241.31
77	486.11	602.88	795.81	614.31	819.92	1077.58	778.04	1025.54	1363.15
78	541.96	671.42	885.92	673.96	898.61	1190.54	840.23	1123.27	1497.69
79	604.15	748.85	987.46	737.42	983.65	1316.19	906.23	1228.61	1646.19
80	665.08	823.73	1086.46	811.04	1082.65	1448.19	996.35		
81	731.08	906.23	1195.61	892.27	1190.54	1592.88	1096.61		
82	804.69	996.35	1314.92	981.11	1309.84	1752.81	1205.77		
83	884.65	1096.61	1446.92	1078.85	1440.58	1927.96	1326.34		
84	973.50	1205.77	1591.61	1186.73	1585.27	2120.88	1459.61		
85	1071.23	1326.34	1750.27	1306.04	1743.92	2332.84	1605.58		
86	1177.84	1459.61	1925.42	1436.77	1917.81	2566.38	1766.77		
87	1295.88	1605.58	2118.34	1580.19	2109.46	2822.77	1943.19		
88	1425.34	1766.77	2330.31	1738.84	2320.15	3104.54	2137.38		
89	1567.50	1943.19	2563.84	1912.73	2552.42	3415.50	2350.61		
90	1724.88	2137.38	2820.23	2104.38	2807.54	3756.92	2585.42		
91	1897.50	2350.61	3102.00						
92	2087.88	2585.42	3411.69						
93	2297.31	2844.34	3753.11						
94	2527.04	3128.65	4128.80						
95	2779.61	3442.15	4541.30						
96	3057.57	3786.11	4995.69						
97	3363.46	4164.34	5495.76						
98	3699.80	4580.65	6045.34						
99	4070.42	5038.84	6649.49						
100+	4477.84	5542.72	7314.57						

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,  
or for attained age GPO purchases and GIO purchases only

**Appendix C1**  
**John Hancock Life Insurance Company (U.S.A.)**  
**LTC-06 PA, LTC-06 FR PA**  
*Premiums to be used only with those*  
*that have not previously elected an inflation decrease option*

**Standard rates per \$10 of Daily Coverage**  
**100 Day Elimination Period**

Age	4% Compound Inflation		
	Benefit Period		
	3 Years	5 Years	5 Years + \$1M Rider
18-29	77.00	114.00	164.00
30	83.00	120.00	172.00
31	85.00	122.00	175.00
32	87.00	124.00	179.00
33	89.00	126.00	183.00
34	90.00	129.00	186.00
35	92.00	131.00	190.00
36	94.00	133.00	194.00
37	97.00	136.00	198.00
38	99.00	138.00	202.00
39	101.00	141.00	206.00
40	103.00	143.00	210.00
41	105.00	145.00	213.00
42	107.00	146.00	217.00
43	109.00	148.00	220.00
44	111.00	150.00	224.00
45	113.00	152.00	227.00
46	115.00	154.00	231.00
47	117.00	155.00	235.00
48	119.00	157.00	238.00
49	122.00	159.00	242.00
50	124.00	161.00	246.00
51	126.00	165.00	252.00
52	128.00	169.00	257.00
53	130.00	173.00	263.00
54	133.00	177.00	269.00
55	135.00	181.00	275.00
56	141.00	188.00	288.00
57	147.00	195.00	301.00
58	153.00	202.00	315.00
59	160.00	210.00	329.00
60	167.00	218.00	344.00
61	177.00	230.00	359.00
62	187.00	243.00	374.00
63	198.00	257.00	390.00
64	209.00	272.00	407.00
65	221.00	287.00	424.00
66	239.00	310.00	453.00
67	258.00	335.00	485.00
68	278.00	362.00	519.00
69	300.00	391.00	555.00
70	324.00	423.00	593.00
71	357.00	464.00	643.00
72	394.00	510.00	698.00
73	434.00	560.00	757.00
74	478.00	615.00	821.00
75	527.00	675.00	890.00
76	569.00	739.00	978.00
77	613.00	808.00	1074.00
78	662.00	885.00	1180.00
79	714.00	968.00	1297.00
80	785.00		
81	864.00		
82	950.00		
83	1045.00		
84	1150.00		
85	1265.00		
86	1392.00		
87	1531.00		
88	1684.00		
89	1852.00		
90	2037.00		
91			
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100+			

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,  
or for attained age GPO purchases and GIO purchases only

<b>SERFF Tracking #:</b>	MULF-131481752	<b>State Tracking #:</b>	MULF-131481752	<b>Company Tracking #:</b>	2016 IN-FORCE RATE INCREASE - LEADING ED...
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<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	John Hancock Life Insurance Company (USA)
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	2016 In-Force Rate Increase - Leading Edge		
<b>Project Name/Number:</b>	/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Transmittal Letter (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Leading Edge_2016 Retail In-force Rate Increase Cover Letter.pdf Understanding Premium Rate Increases on Private LTCI Policyholders 060216.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Certification (A&H)
<b>Comments:</b>	See Actuarial Memoradum
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA LE Filing Package.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Advertisements (A&H)
<b>Bypass Reason:</b>	Rate only filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Authorization to File (A&H)
<b>Bypass Reason:</b>	Not applicable as the insurer is the filer
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Insert Page Explanation (A&H)
<b>Bypass Reason:</b>	Rate only filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	

<b>SERFF Tracking #:</b>	MULF-131481752	<b>State Tracking #:</b>	MULF-131481752	<b>Company Tracking #:</b>	2016 IN-FORCE RATE INCREASE - LEADING ED...
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<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	John Hancock Life Insurance Company (USA)
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	2016 In-Force Rate Increase - Leading Edge		
<b>Project Name/Number:</b>	/		

<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Rate Table (A&H)
<b>Comments:</b>	Rates are located under the Rate/Rule Schedule tab.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Replacement Form with Highlighted Changes (A&H)
<b>Bypass Reason:</b>	Rate filing on existing policies.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Reserve Calculation (A&H)
<b>Comments:</b>	Please refer to Actuarial Memorandum
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Variability Explanation (A&H)
<b>Bypass Reason:</b>	Rate only filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Sample Policyholder Communications Package
<b>Comments:</b>	
<b>Attachment(s):</b>	RLTC 2016 Sample PH Communication Pkg_5%_Leading Edge.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



## John Hancock Life Insurance Company (U.S.A.)

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John Hancock Place  
Post Office Box 111 C-7-30  
Boston, Massachusetts 02117  
1-888-877-6075  
Email: cfolsom@jhancock.com

**Carol A. Folsom**  
**Senior Contract Consultant**  
**US Insurance Legacy – LTC**

May 9, 2018

JESSICA ALTMAN  
Commissioner  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

Re: **John Hancock Life Insurance Company (U.S.A.)**  
**Company NAIC # 65838; FEIN #: 01-0233346**  
**Individual Long-Term Care Insurance Rate Revision Submission**  
**Revised Actuarial Memo LTC-06 PA**

Dear Commissioner Altman:

We are submitting the above captioned filing for your consideration. This submission was based upon information generated by our comprehensive 2016 claims study which examined the usage trend for our insured population. In general, we are seeing longer-lasting and more expensive claims and increased claim incidence at the older attained ages.

As a result of the factors listed above, we are requesting a premium rate increase on the policy series listed below and are enclosing the actuarial memo and rates for your review and acceptance.

Policy Series	Approval Date	Years Sold	Increase Percentage
LTC-06 PA	1/4/2008	2008 -2010	26.9%
LTC-06 FR PA	1/4/2008	2008 -2010	26.9%

The proposed premium rates will be effective on the next policy anniversary date, following a 90-day policyholder notification period, which will be made as soon as practicable following state acceptance. As we will describe later in this letter, we will also offer affected insureds various benefit reduction options to help mitigate the impact of the rate increase.

### Policyholder Options

We are fully aware that a premium increase may be difficult for our policyholders. Therefore, we will provide all policyholders with an array of options which will help them mitigate the impact of any increase. Most important, for those policyholders who originally purchased lifetime 5% compound inflation we will provide them with the ability to retain their existing premium by decreasing their future inflation coverage to a lower percentage. These policyholders will be able to keep all accrued inflation increase amounts to date and the lower inflation index will apply on a prospective basis only. The endorsements and other applicable forms needed to implement the benefit reduction option will be filed under a separate forms submission.

In addition, policyholders will be able to reduce their benefit period, adjust their daily/monthly benefit amount, drop optional benefit riders or extend their elimination period.

Where the NAIC contingent nonforfeiture benefit or the nonforfeiture benefit (if purchased) is triggered, customers will be offered paid-up coverage in accordance with the applicable provision. We are allowing contingent nonforfeiture if the rate increase trigger is met for all affected policyholders, even if it was not otherwise required in your State. *(Please note, that we will be voluntarily administering the enhanced contingent nonforfeiture benefit as described in the NAIC LTCi Model Regulation # 641 (2017) and the NAIC Model Bulletin "Announcement of Alternative Filing Requirements for Long-Term Care Premium Rate Increases" (as adopted by the Senior Issues Task Force on 8/9/2013.)*

In addition, we are submitting for informational purposes only, our sample template policyholder communication package regarding the rate increase and landing spots. This package will be personalized for each customer and of course will vary by their respective situation (i.e., policy forms, benefit selection, etc.) This package is included in Supporting Documentation.

### **Past Losses Testing**

Preventing companies from recouping past losses was the subject of a recent discussion by the Health Actuarial Task Force in late 2013. The accepted methodology by the Health Actuarial Task Force is to define past losses as actual past claims less expected past claims when determining loss ratio compliance where expected past claims are defined as the following:

Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase regardless of whether or not the rate increase is approved. Expected claims are calculated for each calendar year based on the in-force during the calendar year. Expected claims shall include margins for moderately adverse experience; the margins included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing.

The rate increases we calculated follow the methodology described above to ensure that we are not recouping past losses.

This submission is being filed in all states and the District of Columbia.

The following items are included in this submission:

- the submission letter.
- all actuarial material.
- all required certifications.
- Understanding Premium Rate increases on Private LTCI Policyholders 060216.
- sample policyholder communication package.

Please do not hesitate to contact us regarding this submission. We will be happy to meet with the Department either in person or via conference call at a time of your convenience.

Thank you for your time and consideration in this matter.

Sincerely,



Carol A. Folsom  
Senior Contract Consultant  
US Insurance Legacy - LTC



# Issue Brief

JUNE 2016

## KEY POINTS:

Private LTCI is complex—a policyholder is essentially paying today for a varied range of care he or she may or may not need years, if not decades, into the future.

Insurers are gradually learning through their claims experience what the actual levels of benefits are and will be.

A means for taking corrective action to accommodate the changing future is important.

## Understanding Premium Rate Increases on Private Long-Term Care Insurance Policyholders

America faces a great public need in addressing long-term care (LTC) financing, and that need is growing even more critical because the population is aging. There can be substantial costs for LTC services and supports, and for elderly Americans and their families, finding ways to pay for those services and supports can be challenging. According to the U.S. Department of Health and Human Services, about half of Americans turning 65 today will need LTC; one in seven adults will need care for more than five years; and one in six will spend at least \$100,000 for future LTC.<sup>1</sup>

Private LTC insurance (LTCI) is an option for financing future LTC needs; however, it is often considered cost-prohibitive by many potential consumers. In particular, in recent years, LTC<sup>2,3</sup> has gotten a lot of attention because of the relative size and frequency of premium rate increases. The American Academy of Actuaries' Long-Term Care Reform Subcommittee has developed this issue brief to enhance understanding of what is leading to significant rate increases, examine how the need for a rate increase is determined, discuss the effects of increases on various stakeholders, and explore alternatives to premium rate increases.



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<sup>1</sup> *Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief*, Office of the Assistant Secretary for Planning and Evaluation; U.S. Department of Health and Human Services, February 2015.

<sup>2</sup> Many LTCI policies include a "guaranteed renewable" contractual provision requiring an insurance company to offer to renew these policies, but the insurance company may do so with a premium rate increase only on a class basis.

<sup>3</sup> Some states include short-term care insurance (which generally provides similar coverage to LTC, but for shorter benefit periods, typically for a year or less) under the classification of long-term care insurance. For clarity, this issue brief is not intended to address such short-term care insurance.

## Factors Affecting LTCI Premium Increases

Private LTCI is complex—a policyholder is essentially paying today for a varied range of care he or she may or may not need years, if not decades, into the future. As such, LTCI requires a long projection period, with some policyholders receiving benefits beyond age 100. Therefore even for the average issue age of 57, policy projections require assumptions for more than 50 years into the future. The future period is even longer for younger policyholders. Further, calculating premiums relies on a number of assumptions for variables such as:

- mortality;
- voluntary lapses;
- interest rates; and
- morbidity, including
  - incidence of disabilities requiring LTC services;
  - recoveries and mortality while on claim;
  - benefit expiry;
  - service inflation costs of covered services relative to inflation protection assumptions; and
  - the amount of services required while disabled (for policies that reimburse actual expenses).

In addition, there has been and continues to be a high level of uncertainty and change in circumstances that affect the level of sufficient premium rates, such as:

- changing pattern of service/care providers (e.g., growth of assisted living facilities and continuing care retirement communities, access to home care services that are covered by LTCI);
- changing medical practice (e.g., criteria for diagnosis of Alzheimer’s disease and other cognitive impairments);

- effects of mortality improvement in the population, leading to more older age benefits and longer stays for a given age;
- changes in family composition and availability of caregivers, leading to fewer supports for care at home;
- lower investment income, a crucial consideration for a financial instrument that must accumulate large reserves over many decades to prefund the high cost of services that occur at advanced ages; and
- limited available data under existing LTCI coverage beyond 20 policy years for advanced ages, where morbidity tends to be substantially different from general population data due to the characteristics of those who purchase insurance.

If not for the ability to adjust premiums to better reflect actual experience, carriers would not have offered this type of insurance product. Without LTCI, many more people would exhaust their savings on care costs and then rely on public programs such as Medicaid for their additional care needs.

Often, examining adverse experience from older policy form blocks provides valuable insights that may be applicable to newer blocks. After reviewing the adverse experience, insurers may need to change projection assumptions used for the newer policy forms. The revised projections could identify a need for a premium rate increase. It is important to note that even though adverse experience has not developed yet for a newer block, the revised expected future benefits may be higher for that newer block than previously expected. Recognizing the need to fund the higher expected future benefits for the newer block comes in the form of a premium rate

Members of the Long-Term Care Reform Subcommittee include: P.J. Eric Stallard, MAAA, ASA, FCA, chairperson; Bruce Stahl, MAAA, ASA, vice chairperson; Mark Billingsley, MAAA, FSA; Dave Bond, MAAA, FCA, FSA; Michael A. Boot, MAAA, FSA; Malcolm A. Cheung, MAAA, FSA; Robert W. Darnell, MAAA, ASA; Timothy D. Gustafson, MAAA, FSA; Clark Heitkamp, MAAA, FSA; David E. Kerr, MAAA, ASA; Perry Kupferman, MAAA, FSA; Brad S. Linder, MAAA, ASA; Jamala Murray, MAAA, FSA; David Plumb, MAAA, FSA; Zenaida Samaniego, MAAA, FSA; Steven W. Schoonveld, MAAA, FSA; Sara Teppema, MAAA, FCA, FSA; Matthew Winegar, MAAA, FSA; and Ali Zaker-Shahrak, MAAA, FSA.

increase. Actuaries will then communicate the amount of premium rate increases along with their assumed implementation timing to state insurance departments. Both the increase and its associated implementation timing are very important. Deferring implementation of a needed rate increase is detrimental because waiting to implement the rate increase will not start the accumulation of the needed increased premium to fund the higher expected benefits, resulting in the need for a further increase. The effect on consumers is that deferrals generally lead to the need for a higher rate increase than originally calculated.

When original LTCI policy forms were issued in the 1980s and '90s, often morbidity assumptions were based upon general population statistics, and lapse and mortality assumptions upon experience of non-LTC insurance products. Not only did the insured population behave differently than the general population, but improvements in medical diagnostic practices and services and a large increase in the use of assisted living facilities helped increase (1) the number of individuals surviving to ages where the levels of disability are higher, leading to higher claim rates per insured; and (2) the survival time following the onset of disability.

Insurers are gradually learning through their claims experience what the actual levels of benefits are and will be; nonetheless, they still do not yet have a complete basis for assessing the ultimate levels of claims to be paid at advanced ages and later policy durations, nor how these levels might change over time. Insurers will continue to use existing information to estimate these ultimate claim levels and may need to raise premium rates further as more insured life experience develops or if there are unfavorable changes in benefit usage in the future.

## Differences Between Current and Past LTCI Policies

There are significant differences in the pricing characteristics for LTCI policies issued in the past, especially more than a decade ago, compared to policies being issued today and what is expected going forward. The possibility of a future rate increase, at any point in time, is a function of the confidence level in the underlying assumptions and risks associated with these assumptions. With more conservative assumptions, more data to support those assumptions, key assumptions approaching their absolute limits (e.g., ultimate lapse rates approaching zero), and higher explicit margins, it is likely that the probability of rate increases on the current generation of LTCI policies will be lower than the probability of rate increases on previous generations. Future changes in the underlying morbidity, mortality, policyholder behavior, provider behavior, or regulations could alter this likelihood, yet statistical analyses on the experience are helpful when applying historical results to future projections.

A recent presentation<sup>4</sup> of the likelihood of future rate increases on policies issued in 2014 versus policies issued in 2007 and 2000, based on a survey of insurers writing business in 2000, 2007, and 2014, found the following:

- Barring the potential changes mentioned above, and using the same projection model for each time period, the risk of a future rate increase issued in 2014 (using 2014 assumptions) is only one-quarter that of the risk on business issued in 2000 (using 2000 assumptions), and only one-third that of the risk on business issued in 2007 (using 2007 assumptions).
- The primary reasons for this improved expectation of future premium stability are the substantially greater insured experience behind each successive set of assumptions, the significantly lower future downside risk of most assumptions, and an increase in the margins for adverse experience.

<sup>4</sup> Stephen Douglas Forman, James M. Glickman, and Roger Loomis, "[LTCI New Business Pricing - How Safe Is It?](#)," Society of Actuaries Annual Meeting, October 11-14, 2015.

- Amount of data increased 16-fold from 2000 to 2014.
- Claims data for ultimate experience (e.g., durations 10 and beyond) at attained ages over 80 increased 70-fold from 2000 to 2014.
- Ultimate voluntary lapse rate assumptions decreased from 2.8 percent in 2000 to 0.7 percent in 2014. This leaves very little room for future adverse deviations from lower voluntary lapse rates.
- Best estimate ultimate claim costs in the year 2000 were estimated at 70 percent of the recently released 2000-2011 SOA LTC Experience Study.<sup>5</sup> The corresponding best estimate ultimate claim costs used for 2014 pricing were 108 percent of that SOA LTC Experience Study.
- Ultimate mortality being used in 2014 pricing is 72 percent of the mortality assumption used in 2000.
- Investment portfolio rates were assumed to be 6.4 percent for every future year of a policy issued in 2000, while they are now assumed to be 4.6 percent for every future year of a policy issued in 2014.
- As a consequence of the above, the average policy premiums (for the same benefits) increased to 215 percent of the year 2000 premiums by 2014.

## Determining the Need for Premium Rate Increases

In determining whether LTCI policies require a premium rate increase, two authorized methods are applied—one for policies subject to minimum loss ratio certifications and one for a rate stability certifications.

Historically, LTCI pricing was subject to a 60 percent minimum loss ratio (MLR) by most states, meaning that the ratio of the present value of lifetime claims to premiums could not fall below 60 percent. Beginning in the early 2000s, many states enacted rate stability laws, which stated that LTCI should be priced without using the MLR approach. Instead actuaries would need to certify that the premium rates had enough margin to withstand moderately adverse experience (MAE).

Under the MLR approach, if an insurer demonstrates that revised historical and future projected experience produces a lifetime loss ratio greater than 60 percent (or the originally priced-for loss ratio), a premium rate increase could be filed that would allow the projected experience on the policies to return to that lifetime loss ratio.

Under the rate stabilization approach, a premium rate increase could be requested if actual past experience combined with projected future experience exceeds the original or previously defined MAE margin. If revised projections using updated experience exceed the MAE margin, then a premium rate increase could be filed such that the lifetime loss ratio on the original premiums is assumed to be the greater of 58 percent and the original assumed loss ratio; and the lifetime loss ratio on the increased premiums is at least 85 percent (with claims projected into the future including MAE). For this premium rate increase filing, the amount of premium rate increase needs to be large enough for the insurer's designated actuary to certify that the premiums are sufficient with no further premium rate increases in the future unless the actual experience exceeds a revised MAE margin.

<sup>5</sup> Society of Actuaries, [Long Term Care Intercompany Experience Study – Aggregate Database 2000-2011 Report](#), January 2015.

Under either approach, the need for a premium rate increase should be driven by projected lifetime loss ratios also, rather than actual past experience alone. Despite the relatively straightforward mathematical calculations to determine premium increases, determining projection assumptions (e.g., whether actual historical experience is sufficiently credible to justify changes in future projected assumptions) can be difficult.

Some assumptions have a higher degree of credibility earlier in the life of a policy than others. For example, policy lapses are more likely to occur in the earlier years of the policy, and claim submissions are more likely to occur in later policy years. As such, actual lapse experience develops a higher degree of credibility in the earlier years of the business while actual claim experience has a lower degree of credibility in the earlier years of the business.

With LTCI it can take a long time from the purchase of a policy until the first time a claim is submitted, and this time period can be several decades for many individual policies. As such, there is often little claims experience to justify premium rate increases on a relatively young group of policy forms based on the experience of those forms alone. Section 3.2.1 of Actuarial Standard of Practice No. 18, *Long-Term Care Insurance*, requires actuaries to use alternative data sources such as public data or experience from the insurance company's older, similar policy forms for identifying reasonable assumptions.<sup>6</sup> Waiting until there is adequate claim information on each policy form could result in much larger, less affordable rate increases.

## Filing and Approval Process

The rate increase process can vary across state jurisdictions, and can be time-consuming. While a company prepares the same initial rate increase filing in each jurisdiction, the filings are addressed differently by many states. Each state/jurisdiction approval includes unique conditions. Approvals are often for different amounts, which sometimes may not be at an adequate level as determined by the company, with different administrative implementation rules and time frames for that approval to be effective.

Larger rate increase requests may experience delays in approval within a state, and depending on the time taken in the approval process might mean the insurer does not receive approval in the year filed, and for that missed year will need to be made up in later years, in the form of an even higher premium rate for that state. Similarly, if a state approves less than the needed increase, carriers will likely request additional increases to make up for the expected shortfall. Thus, the cumulative amount of the increase could be larger than the original request in that state.

It would be necessary to develop steps to improve the filing and approval process that consider regulatory requirements found in state laws and regulations, including:

- An insurer's thorough review signed by an actuary with LTCI experience identifying deterioration and migration from each of the initial pricing assumptions;
- Predesigned rules or guidelines for increase approval that take into account the necessary total increase or an implementation plan for a series of preferred rate increases;

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<sup>6</sup> Actuarial Standards Board, [Actuarial Standard of Practice No. 18, \*Long-Term Care Insurance\*](#), January 1999.

- Preset benefit reduction options that will be offered to policyholders in their effort to maintain the same premium level;
- Standardized dates and methods of implementing the rate increases nationally; and
- Seeking greater ability through enhanced standards at the Interstate Compact for premium rate increase approvals.<sup>7</sup>

## The Effects of Premium Rate Increases

LTCI premium rate increases may not align the premiums with the future benefits as well as one might otherwise expect because individual behavior may not align with predictions. There are several reasons for this.

First, an insurer may offer an opportunity to reduce benefits in order to keep the premium dollars a policyholder pays roughly equivalent after the premium rate increase versus before (e.g., reducing the daily maximum benefit). When offered, policyholders may select benefits that better match their current/anticipated health care needs. For example, many policyholders are in the position where they have higher maximum daily benefits than actual current cost of services because the policyholders originally purchased inflation coverage<sup>8</sup> to meet expected inflation needs but actual inflation turned out to be lower. A policyholder who has coverage limits significantly higher than the actual cost of LTC services may reduce their daily maximum coverage such that the premiums do not change and the new maximum benefit levels continue to remain higher than the actual cost of services. Similar examples may exist for lapsing of particular riders or other benefit options.

Second, many states' regulations require that a nonforfeiture benefit be given in lieu of lapse to those who cease paying premiums and whose

cumulative premium rate increases exceed a specific percentage based on the issue age of the policyholder. The nonforfeiture benefit is a paid-up benefit with a total policy limit that equals the premiums paid to date (less any claims paid), and payable according to the benefits of the policy had it not ceased to be premium-paying upon implementation of a premium rate increase. The insurer maintains a reserve for these remaining paid-up benefits. While this remaining nonforfeiture reserve is lower, the company will have a harder time monitoring residual benefits in cases in which there is a significant reduction in policyholder contact and no incentive to report an insured's death.

Finally, the policyholders who choose to lapse their policies or reduce their benefits may be the healthier policyholders, leaving the remaining pool of policyholders with higher average expected claims. Ideally, and to the extent the experience is credible, the morbidity experience following a premium rate increase should be compared to the morbidity of similar policies without a premium rate increase.

## Alternatives to a Premium Rate Increase

Insurers have routinely allowed insureds to reduce coverage by changing typical benefit options in order to help offset some or all of a rate increase. In recent years, in an effort to enable policyholders faced with a rate increase to retain significant coverage, some companies have started making available an option for policyholders to avoid the rate increase and keep their same premium by reducing the size of the future benefit increases for plans with automatic built-in inflation increases.

For example, policyholders would be able to keep their accrued benefit at their current inflation rate and only the future increases are lower

<sup>7</sup> The Interstate Insurance Product Regulation Compact allows member states to establish standards for long-term care insurance, among other insurance products. These insurance products are governed by the [Interstate Insurance Product Regulation Commission \(IIPRC\)](#), where there is a limited ability to control rate increases through reviews of rate filing standards.

<sup>8</sup> A popular inflation option selected by policyholders was the 5 percent option because states required LTC applicants to sign that they rejected this option, which often led to applicants selecting the 5 percent option. This inflation option turned out to be higher than actual LTC cost increases, leaving many policyholders with more coverage than needed.



than they would otherwise be. This is most effective as a conservation tool if it is done on an actuarially equivalent basis, meaning that the new prospective inflation accrual is set so that the present value of the expected reduction in benefits over time will be equal to the present value of the premium increase that is forgone. This is in contrast with most benefit reductions, which are in essence “partial surrenders” where there may be a reduction in the insurer’s liability.

When insureds reduce their benefits to help offset a rate increase, an insurer would expect some adverse selection—meaning that the healthier insureds are the ones reducing their benefits and thus the experience on the block will likely worsen over time. With the approach described above, there may be less adverse selection involved because the benefit reductions are gradual and may not become significant for many years.

In the past relatively few insureds have chosen to lapse their policies when premiums were increased and alternatives to the increase were offered. According to a 2010 report from Gen Re (a reinsurance company) based on an industry survey, lapses at the time of a rate increase were only higher than normal by 2.5 percent of the total policies exposed to an increase.<sup>9</sup> The low 2.5 percent extra lapse rate suggests that the increases were generally affordable for the vast majority of policyholders, which is likely due to LTC insurance purchasers being in the higher income and asset demographics than non-purchasers.

## Conclusion

Predicting future policyholder and service provider behavior can be difficult. A means for taking corrective action to accommodate the changing future is important. The more conservative assumptions in today’s pricing of private LTCI and improved speed at taking corrective action should improve future projections, resulting in fewer and smaller rate increases.

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<sup>9</sup> The context for the premium rate increases at the time of the survey included: a low-interest-rate environment, generally lower-than-anticipated lapses and mortality, an average rate increase of about 25 percent in the survey, and premium price points that were generally at or below what policyholders could purchase at their attained ages.

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**May 4, 2018**

<b><u>Product Name</u></b>	<b><u>Form Number</u></b>	<b><u>Issue Date Range</u></b>
Leading Edge	LTC-06 PA	Mar 2008 – Dec 2010
Leading Edge Franchise	LTC-06 FR PA	Apr 2008 – Nov 2010

**These policy form rates were originally priced with a margin for moderately adverse experience in accordance with the NAIC model rate stability regulations.**

### **1. Scope & Purpose**

This memorandum consists of materials which support the development of new premium rates for the above captioned Policy series forms. The purpose of this memorandum is to demonstrate that the requirements of this State in regards to an in force rate increase request have been met. This rate filing is not intended to be used for any other purpose.

### **2. Benefit Description**

A brief policy description for the policy form:

Individually underwritten long-term care policies that provide comprehensive long-term care coverage for care received in a nursing home or assisted care living facility, home health care, hospice care, respite care, or attendance at an Adult Day Care Center providing Adult Day Care.

Provides reimbursement of covered long-term care expenses incurred after an elected elimination period is met, up to the maximum daily/monthly amount. The benefit eligibility is determined based on the insured's cognitive impairment or their requiring physical assistance to perform two out of six activities of daily living (ADLs) of bathing, dressing, eating, toileting, transferring and maintaining continence.

Premiums are waived after the insured has met the elimination period and is receiving benefits and will continue to be waived until the insured stops receiving such benefits.

### **3. Renewability**

All policy forms are guaranteed renewable.

### **4. Applicability**

This filing is applicable to in force policies only, as these policy forms are no longer being sold in the market. The premium changes will apply to the base forms as well as all applicable riders.

### **5. Actuarial Assumptions**

#### **Morbidity**

The morbidity assumptions are derived from our own experience, following a comprehensive claim study just recently completed. The study has been peer reviewed both internally as well as by an Independent third party.



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Our claims projections include 12 years of future morbidity improvements at 1.1% per year, as well as a 7.5% margin for moderately adverse experience, consistent with the margin originally anticipated in our original pricing loss ratio.

**Voluntary Lapses**

The voluntary lapse rates are also based on our own experience:

<b>Duration</b>	<b>5% Compound Guaranteed Purchase</b>			
	<b>Issue Age</b>			
	<b>55</b>	<b>65</b>	<b>75</b>	<b>82</b>
1	4.30%	4.45%	4.93%	6.25%
5	1.70%	1.45%	1.80%	3.15%
10	1.16%	1.17%	1.27%	1.55%
15	0.63%	1.05%	1.31%	1.98%
20	0.55%	0.81%	1.93%	1.98%
25	0.55%	1.45%	1.98%	1.98%
30	0.81%	1.94%	1.98%	1.98%
35	1.45%	1.98%	1.98%	1.98%
40	1.94%	1.98%	1.98%	1.98%

<b>Duration</b>	<b>Automatic Inflation &amp; 5% Compound Inflation</b>			
	<b>Issue Age</b>			
	<b>55</b>	<b>65</b>	<b>75</b>	<b>82</b>
1	3.00%	3.00%	4.10%	4.10%
5	1.50%	1.25%	1.35%	1.15%
10	0.69%	0.77%	1.05%	0.91%
15	0.51%	0.67%	0.91%	1.85%
20	0.43%	0.60%	1.49%	2.03%
25	0.43%	1.27%	2.03%	2.03%
30	0.60%	2.03%	2.03%	2.03%
35	1.27%	2.03%	2.03%	2.03%
40	2.03%	2.03%	2.03%	2.03%

In addition to the lapse rates shown, we assume a 1.9% lapse rate due to the rate increase. The additional lapse rate is used to adjust future premiums and claims down by 1.9% starting at the effective implementation date of the rate increase.

**Mortality**

The mortality rates have also been derived based on our own experience within our individual long-term care block of business.

The base mortality table is the unloaded 1994 Group Annuity Mortality Table, sex-distinct, with 22 years of historical improvements based on scale AA. We then apply the following series of adjustment factors (factors for ages not listed above are interpolated):

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Policy Duration	Preferred Risk Class (Married)				Pref. Risk Class (Single, Female)				Pref. Risk Class (Single, Male)			
	Issue Age				Issue Age				Issue Age			
	<= 55	65	75	>=82	<= 55	65	75	>=82	<= 55	65	75	>=82
1	21.2%	12.1%	12.1%	18.1%	24.5%	14.0%	14.0%	21.0%	25.6%	14.6%	14.6%	22.0%
2	23.0%	13.9%	16.3%	21.2%	26.6%	16.1%	18.9%	24.5%	27.8%	16.8%	19.8%	25.6%
3	24.8%	15.7%	20.6%	24.2%	28.7%	18.2%	23.8%	28.0%	30.0%	19.0%	24.9%	29.3%
4	25.6%	17.3%	24.4%	26.8%	29.6%	20.0%	28.3%	31.0%	31.0%	20.9%	29.5%	32.4%
5	26.4%	19.3%	28.1%	29.3%	30.5%	22.4%	32.5%	33.9%	31.9%	23.4%	34.0%	35.4%
6	26.6%	21.5%	31.2%	31.2%	30.8%	24.9%	36.1%	36.1%	32.2%	26.1%	37.7%	37.7%
7	26.8%	24.1%	31.7%	32.8%	31.1%	27.9%	36.8%	38.0%	32.5%	29.2%	38.4%	39.8%
8	26.9%	26.9%	32.2%	34.3%	31.2%	31.2%	37.3%	39.8%	32.6%	32.6%	39.0%	41.6%
9	28.8%	31.6%	34.8%	38.1%	33.4%	36.5%	40.3%	44.1%	34.9%	38.2%	42.2%	46.1%
10	30.2%	36.4%	37.5%	42.0%	35.0%	42.2%	43.5%	48.6%	36.6%	44.1%	45.4%	50.9%
11	31.2%	38.5%	41.3%	45.3%	36.1%	44.6%	47.8%	52.4%	37.7%	46.6%	50.0%	54.8%
12	32.0%	39.7%	44.9%	48.3%	37.1%	46.0%	51.9%	55.9%	38.8%	48.1%	54.3%	58.4%
13	32.9%	40.4%	46.7%	51.3%	38.1%	46.8%	54.1%	59.4%	39.8%	49.0%	56.5%	62.1%
14	33.8%	41.2%	48.6%	54.3%	39.1%	47.7%	56.2%	62.9%	40.9%	49.9%	58.8%	65.7%
15	34.7%	42.1%	50.5%	57.3%	40.1%	48.7%	58.4%	66.4%	42.0%	50.9%	61.1%	69.4%
16	37.0%	44.8%	53.9%	59.9%	41.6%	50.4%	60.6%	67.3%	43.2%	52.3%	62.9%	69.8%
17	39.5%	47.7%	57.1%	62.4%	43.1%	52.1%	62.4%	68.2%	44.3%	53.6%	64.2%	70.2%
18	42.0%	50.7%	60.6%	65.1%	44.6%	53.8%	64.3%	69.1%	45.4%	54.8%	65.6%	70.4%
19	44.7%	53.8%	64.3%	67.8%	46.0%	55.4%	66.2%	69.8%	46.5%	56.0%	66.9%	70.5%
20	47.4%	57.1%	68.4%	70.5%	47.4%	57.1%	68.4%	70.5%	47.4%	57.1%	68.4%	70.5%
21	50.1%	59.9%	72.5%	72.5%	50.1%	59.9%	72.5%	72.5%	50.1%	59.9%	72.5%	72.5%
22	53.0%	62.9%	74.6%	74.6%	53.0%	62.9%	74.6%	74.6%	53.0%	62.9%	74.6%	74.6%
23	56.0%	66.0%	76.7%	76.7%	56.0%	66.0%	76.7%	76.7%	56.0%	66.0%	76.7%	76.7%
24	59.9%	69.2%	78.8%	78.8%	59.9%	69.2%	78.8%	78.8%	59.9%	69.2%	78.8%	78.8%
25	64.7%	72.4%	80.9%	80.9%	64.7%	72.4%	80.9%	80.9%	64.7%	72.4%	80.9%	80.9%
26	68.0%	73.9%	80.9%	80.9%	68.0%	73.9%	80.9%	80.9%	68.0%	73.9%	80.9%	80.9%
27	71.2%	75.3%	80.9%	80.9%	71.2%	75.3%	80.9%	80.9%	71.2%	75.3%	80.9%	80.9%
28	74.4%	76.7%	80.9%	80.9%	74.4%	76.7%	80.9%	80.9%	74.4%	76.7%	80.9%	80.9%
29	77.7%	78.1%	80.9%	80.9%	77.7%	78.1%	80.9%	80.9%	77.7%	78.1%	80.9%	80.9%
30	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%	80.9%

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Policy Duration	Standard Risk Class (Married)				Standard Risk Class (Single, Female)				Standard Risk Class (Single, Male)			
	Issue Age				Issue Age				Issue Age			
	< = 55	65	75	>=82	< = 55	65	75	>=82	< = 55	65	75	>=82
1	30.0%	17.1%	17.1%	25.7%	34.7%	19.9%	19.9%	29.8%	36.3%	20.8%	20.8%	31.1%
2	33.6%	20.3%	23.9%	31.0%	38.9%	23.6%	27.7%	35.8%	40.7%	24.6%	28.9%	37.5%
3	37.4%	23.7%	31.0%	36.5%	43.3%	27.4%	35.9%	42.2%	45.2%	28.7%	37.5%	44.1%
4	39.7%	26.8%	37.9%	41.6%	46.0%	31.0%	43.9%	48.1%	48.1%	32.4%	45.8%	50.3%
5	42.1%	30.9%	44.9%	46.8%	48.7%	35.7%	52.0%	54.1%	50.9%	37.4%	54.3%	56.6%
6	43.7%	35.3%	51.2%	51.2%	50.6%	40.9%	59.2%	59.2%	52.9%	42.8%	61.9%	61.9%
7	44.0%	39.5%	52.1%	53.9%	51.0%	45.8%	60.4%	62.4%	53.3%	47.9%	63.1%	65.3%
8	44.2%	44.2%	52.9%	56.4%	51.2%	51.2%	61.3%	65.3%	53.5%	53.5%	64.0%	68.2%
9	47.4%	51.8%	57.2%	62.5%	54.8%	60.0%	66.2%	72.4%	57.3%	62.7%	69.2%	75.7%
10	49.7%	59.8%	61.6%	69.0%	57.5%	69.2%	71.3%	79.9%	60.1%	72.4%	74.6%	83.5%
11	51.2%	63.2%	67.8%	74.3%	59.3%	73.2%	78.5%	86.1%	62.0%	76.5%	82.1%	90.0%
12	52.6%	65.3%	73.6%	79.2%	60.9%	75.6%	85.3%	91.8%	63.6%	79.0%	89.2%	95.9%
13	54.0%	66.4%	76.7%	84.2%	62.5%	76.9%	88.8%	97.5%	65.4%	80.4%	92.8%	101.9%
14	55.5%	67.7%	79.8%	89.1%	64.2%	78.3%	92.4%	103.2%	67.1%	81.9%	96.5%	107.9%
15	56.9%	69.1%	82.8%	94.1%	65.9%	80.0%	95.9%	109.0%	68.9%	83.6%	100.3%	114.0%
16	59.0%	71.4%	85.9%	95.4%	66.4%	80.4%	96.6%	107.4%	68.8%	83.3%	100.2%	111.3%
17	61.1%	73.9%	88.5%	96.7%	66.8%	80.7%	96.7%	105.7%	68.7%	83.0%	99.5%	108.7%
18	63.3%	76.4%	91.3%	98.1%	67.2%	81.0%	96.9%	104.1%	68.5%	82.6%	98.8%	106.1%
19	65.5%	78.9%	94.3%	99.4%	67.5%	81.3%	97.1%	102.4%	68.1%	82.1%	98.1%	103.4%
20	67.7%	81.5%	97.7%	100.7%	67.7%	81.5%	97.7%	100.7%	67.7%	81.5%	97.7%	100.7%
21	69.7%	83.4%	101.0%	101.0%	69.7%	83.4%	101.0%	101.0%	69.7%	83.4%	101.0%	101.0%
22	71.9%	85.4%	101.3%	101.3%	71.9%	85.4%	101.3%	101.3%	71.9%	85.4%	101.3%	101.3%
23	74.2%	87.5%	101.7%	101.7%	74.2%	87.5%	101.7%	101.7%	74.2%	87.5%	101.7%	101.7%
24	77.5%	89.5%	102.0%	102.0%	77.5%	89.5%	102.0%	102.0%	77.5%	89.5%	102.0%	102.0%
25	81.8%	91.6%	102.3%	102.3%	81.8%	91.6%	102.3%	102.3%	81.8%	91.6%	102.3%	102.3%
26	85.9%	93.4%	102.3%	102.3%	85.9%	93.4%	102.3%	102.3%	85.9%	93.4%	102.3%	102.3%
27	90.0%	95.2%	102.3%	102.3%	90.0%	95.2%	102.3%	102.3%	90.0%	95.2%	102.3%	102.3%
28	94.1%	96.9%	102.3%	102.3%	94.1%	96.9%	102.3%	102.3%	94.1%	96.9%	102.3%	102.3%
29	98.2%	98.7%	102.3%	102.3%	98.2%	98.7%	102.3%	102.3%	98.2%	98.7%	102.3%	102.3%
30	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%	102.3%

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Policy Duration	Substandard 1 Risk Class (Married)				Sub 1 Risk Class (Single, Female)				Sub 1 Risk Class (Single, Male)			
	Issue Age				Issue Age				Issue Age			
	<= 55	65	75	>=82	<= 55	65	75	>=82	<= 55	65	75	>=82
1	42.3%	24.2%	24.2%	36.3%	49.0%	28.0%	28.0%	42.0%	51.2%	29.3%	29.3%	43.9%
2	47.6%	28.8%	33.8%	43.8%	55.1%	33.4%	39.2%	50.8%	57.6%	34.9%	40.9%	53.1%
3	53.1%	33.7%	44.0%	51.8%	61.5%	39.0%	51.0%	60.0%	64.3%	40.8%	53.3%	62.7%
4	56.7%	38.2%	54.0%	59.3%	65.6%	44.2%	62.5%	68.6%	68.6%	46.3%	65.4%	71.8%
5	60.2%	44.2%	64.2%	66.9%	69.7%	51.1%	74.4%	77.5%	72.9%	53.5%	77.8%	81.0%
6	62.7%	50.7%	73.4%	73.4%	72.7%	58.7%	85.0%	85.0%	76.0%	61.4%	88.9%	88.9%
7	65.1%	58.5%	77.1%	79.7%	75.4%	67.7%	89.3%	92.3%	78.8%	70.8%	93.3%	96.5%
8	67.3%	67.3%	80.5%	85.8%	78.0%	78.0%	93.3%	99.4%	81.5%	81.5%	97.5%	103.9%
9	74.2%	81.1%	89.5%	97.9%	85.9%	94.0%	103.7%	113.4%	89.8%	98.2%	108.4%	118.6%
10	79.9%	96.2%	99.2%	111.0%	92.5%	111.4%	114.8%	128.5%	96.7%	116.5%	120.0%	134.4%
11	84.6%	104.4%	112.1%	122.9%	98.0%	120.9%	129.8%	142.3%	102.4%	126.4%	135.7%	148.7%
12	89.2%	110.7%	124.9%	134.4%	103.3%	128.2%	144.7%	155.6%	108.0%	134.0%	151.2%	162.7%
13	91.6%	112.6%	130.1%	142.8%	106.1%	130.4%	150.6%	165.3%	110.9%	136.4%	157.5%	172.9%
14	94.1%	114.8%	135.3%	151.2%	108.9%	132.9%	156.7%	175.1%	113.9%	138.9%	163.8%	183.1%
15	96.6%	117.2%	140.5%	159.7%	111.8%	135.7%	162.7%	184.9%	116.9%	141.9%	170.1%	193.3%
16	100.1%	121.2%	145.7%	161.9%	112.6%	136.3%	163.9%	182.1%	116.8%	141.4%	170.0%	188.9%
17	103.7%	125.3%	150.2%	164.1%	113.3%	137.0%	164.1%	179.3%	116.5%	140.8%	168.7%	184.4%
18	107.4%	129.5%	154.9%	166.3%	114.0%	137.5%	164.4%	176.5%	116.1%	140.1%	167.6%	179.9%
19	111.1%	133.9%	159.9%	168.6%	114.5%	137.9%	164.7%	173.7%	115.6%	139.3%	166.4%	175.4%
20	114.9%	138.3%	165.7%	170.8%	114.9%	138.3%	165.7%	170.8%	114.9%	138.3%	165.7%	170.8%
21	118.2%	141.5%	171.4%	171.4%	118.2%	141.5%	171.4%	171.4%	118.2%	141.5%	171.4%	171.4%
22	122.1%	144.9%	171.9%	171.9%	122.1%	144.9%	171.9%	171.9%	122.1%	144.9%	171.9%	171.9%
23	125.9%	148.4%	172.5%	172.5%	125.9%	148.4%	172.5%	172.5%	125.9%	148.4%	172.5%	172.5%
24	131.5%	151.9%	173.0%	173.0%	131.5%	151.9%	173.0%	173.0%	131.5%	151.9%	173.0%	173.0%
25	138.8%	155.4%	173.5%	173.5%	138.8%	155.4%	173.5%	173.5%	138.8%	155.4%	173.5%	173.5%
26	145.8%	158.4%	173.5%	173.5%	145.8%	158.4%	173.5%	173.5%	145.8%	158.4%	173.5%	173.5%
27	152.7%	161.4%	173.5%	173.5%	152.7%	161.4%	173.5%	173.5%	152.7%	161.4%	173.5%	173.5%
28	159.7%	164.5%	173.5%	173.5%	159.7%	164.5%	173.5%	173.5%	159.7%	164.5%	173.5%	173.5%
29	166.6%	167.5%	173.5%	173.5%	166.6%	167.5%	173.5%	173.5%	166.6%	167.5%	173.5%	173.5%
30	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%	173.5%

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Policy Duration	Substandard 2 Risk Class (Married)				Sub 2 Risk Class (Single, Female)				Sub 2 Risk Class (Single, Male)			
	Issue Age				Issue Age				Issue Age			
	<= 55	65	75	>=82	<= 55	65	75	>=82	<= 55	65	75	>=82
1	52.9%	30.2%	30.2%	45.3%	61.3%	35.0%	35.0%	52.5%	64.0%	36.6%	36.6%	54.9%
2	59.5%	36.0%	42.3%	54.8%	68.9%	41.7%	48.9%	63.4%	72.0%	43.6%	51.2%	66.3%
3	66.4%	42.1%	55.1%	64.8%	76.9%	48.8%	63.8%	75.0%	80.4%	51.0%	66.6%	78.4%
4	70.8%	47.8%	67.5%	74.1%	82.0%	55.3%	78.2%	85.8%	85.7%	57.8%	81.7%	89.7%
5	75.3%	55.2%	80.3%	83.6%	87.2%	63.9%	93.0%	96.8%	91.1%	66.8%	97.2%	101.2%
6	78.4%	63.4%	91.8%	91.8%	90.8%	73.4%	106.3%	106.3%	94.9%	76.8%	111.1%	111.1%
7	81.4%	73.1%	96.4%	99.7%	94.3%	84.6%	111.6%	115.4%	98.5%	88.5%	116.6%	120.7%
8	84.2%	84.2%	100.7%	107.3%	97.5%	97.5%	116.6%	124.2%	101.9%	101.9%	121.9%	129.9%
9	92.7%	101.4%	111.9%	122.4%	107.3%	117.5%	129.6%	141.8%	112.2%	122.8%	135.5%	148.2%
10	99.9%	120.3%	124.0%	138.8%	115.7%	139.2%	143.5%	160.7%	120.9%	145.6%	150.0%	168.0%
11	105.8%	130.5%	140.1%	153.6%	122.5%	151.2%	162.3%	177.8%	128.1%	158.0%	169.6%	185.9%
12	111.5%	138.4%	156.2%	168.0%	129.1%	160.2%	180.8%	194.6%	134.9%	167.5%	189.0%	203.4%
13	114.5%	140.8%	162.6%	178.5%	132.6%	163.0%	188.3%	206.7%	138.6%	170.5%	196.9%	216.1%
14	117.6%	143.5%	169.1%	189.0%	136.2%	166.1%	195.8%	218.9%	142.4%	173.7%	204.7%	228.8%
15	120.7%	146.5%	175.7%	199.6%	139.8%	169.6%	203.4%	231.1%	146.1%	177.3%	212.6%	241.6%
16	125.1%	151.5%	182.1%	202.4%	140.8%	170.4%	204.9%	227.7%	146.0%	176.7%	212.5%	236.1%
17	129.6%	156.7%	187.7%	205.1%	141.7%	171.2%	205.1%	224.2%	145.7%	176.0%	210.9%	230.5%
18	134.2%	161.9%	193.7%	207.9%	142.4%	171.8%	205.5%	220.7%	145.2%	175.1%	209.5%	224.9%
19	138.9%	167.3%	199.9%	210.7%	143.1%	172.4%	205.9%	217.1%	144.5%	174.1%	208.0%	219.2%
20	143.7%	172.9%	207.1%	213.5%	143.7%	172.9%	207.1%	213.5%	143.7%	172.9%	207.1%	213.5%
21	147.8%	176.8%	214.2%	214.2%	147.8%	176.8%	214.2%	214.2%	147.8%	176.8%	214.2%	214.2%
22	152.6%	181.2%	214.9%	214.9%	152.6%	181.2%	214.9%	214.9%	152.6%	181.2%	214.9%	214.9%
23	157.4%	185.5%	215.6%	215.6%	157.4%	185.5%	215.6%	215.6%	157.4%	185.5%	215.6%	215.6%
24	164.3%	189.8%	216.2%	216.2%	164.3%	189.8%	216.2%	216.2%	164.3%	189.8%	216.2%	216.2%
25	173.5%	194.2%	216.9%	216.9%	173.5%	194.2%	216.9%	216.9%	173.5%	194.2%	216.9%	216.9%
26	182.2%	198.0%	216.9%	216.9%	182.2%	198.0%	216.9%	216.9%	182.2%	198.0%	216.9%	216.9%
27	190.9%	201.8%	216.9%	216.9%	190.9%	201.8%	216.9%	216.9%	190.9%	201.8%	216.9%	216.9%
28	199.6%	205.6%	216.9%	216.9%	199.6%	205.6%	216.9%	216.9%	199.6%	205.6%	216.9%	216.9%
29	208.2%	209.4%	216.9%	216.9%	208.2%	209.4%	216.9%	216.9%	208.2%	209.4%	216.9%	216.9%
30	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%	216.9%

We are also projecting 12 years of future mortality improvement based on scale AA, consistent with the 12 years of future morbidity improvement in our future claim projections.

#### Expenses

Expenses have not been explicitly projected. It is assumed that the originally filed expense assumptions remain appropriate.

#### **6. Trend Assumptions**

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

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## **7. Marketing Method**

This product was typically marketed through our traditional agency system and brokers involving a personal contact with each applicant.

## **8. Underwriting**

These policy forms were underwritten using a medical and risk questionnaire. We also utilized Attending Physician Statement and personal interviews depending on the age of the applicant and medical conditions.

## **9. Premium Classes**

The base policy premium rates vary by Issue age, Benefit Period, and Inflation Option, as in the initial rate filing.

All premium factors related to the insured elected benefit design options, underwriting class or any eligible discount remain unchanged from the initial rate filing.

## **10. Premium Modalization Rules**

<b>Frequency</b>	<b>Multiple of Annual Premium</b>
Semiannual	.52
Quarterly	.2625
Monthly	.0875

## **11. Issue Age Range**

The issue age range is 18-79 for all policy forms.

## **12. Area Factors**

Area factors are not applicable to any of the policy forms or riders.

## **13. Average Annual Premium**

The table below summarizes the average annual premium per policy before and after the requested increase.

<b>State</b>	<b>Policy Form</b>	<b>Average Premium</b>	
		<b>before the rate increase</b>	<b>after the rate increase</b>
AK	LTC-06 AK	2,370	3,008
AL	LTC-06	1,630	2,069
AR	LTC-06 AR	1,640	2,082
AZ	LTC-06 AZ	2,030	2,577
CO	LTC-06 CO	1,910	2,424
CT	LTC-06 CT	2,460	3,122
DC	LTC-06 DC	2,850	3,617
DE	LTC-06 DE	2,320	2,945

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FL	LTC-06 FL	2,020	2,935
GA	LTC-06 GA	2,070	2,627
HI	LTC-06 HI	2,470	3,135
IA	LTC-06 IA	1,700	2,158
ID	LTC-06 ID	1,510	1,917
IL	LTC-06 IL	1,970	2,500
IN	LTC-06 IN	2,080	2,640
KS	LTC-06 KS	1,640	2,082
KY	LTC-06 KY	1,880	2,386
LA	LTC-06 LA	1,680	2,132
MA	LTC-06 MA	2,670	3,389
MD	LTC-06 MD	2,160	2,742
ME	LTC-06 ME	2,040	2,589
MI	LTC-06	2,030	2,577
MN	LTC-06 MN	1,980	2,513
MO	LTC-06 MO	1,710	2,170
MS	LTC-06 MS	1,630	2,069
MT	LTC-06 MT	1,990	2,526
NC	LTC-06 NC	1,790	2,272
ND	LTC-06 ND	1,860	2,361
NE	LTC-06 NE	1,950	2,475
NH	LTC-06 NH	2,570	3,262
NJ	LTC-06 NJ	2,500	3,173
NM	LTC-06 NM	1,700	2,158
NV	LTC-06 NV	2,260	2,868
NY	LTC-06 NY	2,890	3,668
NY	SG-06 NY	2,610	3,313
OH	LTC-06 OH	1,950	2,475
OH	SG-06 OH	2,470	3,135
OK	LTC-06 OK	1,700	2,158
OR	LTC-06 OR	1,850	2,348
PA	LTC-06 PA	2,280	2,894
PA	LTC-06 FR PA	1,740	2,208
RI	LTC-06 RI	2,270	2,881
SC	LTC-06 SC	1,980	2,513
SD	LTC-06 SD	1,760	2,234
TN	LTC-06 TN	1,740	2,208
TX	LTC-06 TX	1,710	2,170
UT	LTC-06 UT	1,910	2,424
VA	LTC-06 VA	1,860	2,361
VT	LTC-06 VT	2,450	3,110
WA	LTC-06 WA	2,030	2,577
WI	LTC-06 WI	2,140	2,716
WV	LTC-06	1,970	2,500
WY	LTC-06	1,970	2,500
<b>Leading Edge Average</b>		<b>1,990</b>	<b>2,526</b>

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**14. Number of Policyholders**

The table below summarizes, as of 12/31/2015, the number of policies in force and their 2015 annualized premium that will be affected by this rate increase in your state.

State	Policy Form	Annual Premium	Policy Count
AK	LTC-06 AK	68,861	29
AL	LTC-06	385,652	236
AR	LTC-06 AR	419,323	256
AZ	LTC-06 AZ	957,466	472
CO	LTC-06 CO	3,037,023	1,587
CT	LTC-06 CT	710,755	289
DC	LTC-06 DC	231,018	81
DE	LTC-06 DE	192,893	83
FL	LTC-06 FL	6,364,525	3,143
GA	LTC-06 GA	1,412,586	681
HI	LTC-06 HI	648,825	263
IA	LTC-06 IA	1,793,856	1,058
ID	LTC-06 ID	558,967	369
IL	LTC-06 IL	2,196,264	1,114
IN	LTC-06 IN	306,235	147
KS	LTC-06 KS	1,056,962	644
KY	LTC-06 KY	1,084,241	577
LA	LTC-06 LA	497,037	296
MA	LTC-06 MA	3,304,456	1,236
MD	LTC-06 MD	2,729,384	1,262
ME	LTC-06 ME	642,443	315
MI	LTC-06	1,436,952	709
MN	LTC-06 MN	2,282,188	1,153
MO	LTC-06 MO	1,333,513	779
MS	LTC-06 MS	678,209	417
MT	LTC-06 MT	244,547	123
NC	LTC-06 NC	1,955,865	1,095
ND	LTC-06 ND	491,353	264
NE	LTC-06 NE	1,066,940	548
NH	LTC-06 NH	694,688	270
NJ	LTC-06 NJ	3,786,404	1,515
NM	LTC-06 NM	283,246	167
NV	LTC-06 NV	189,748	84
NY	LTC-06 NY	1,292,561	448
NY	SG-06 NY	711,315	273
OH	LTC-06 OH	2,068,895	1,061
OH	SG-06 OH	447,961	181
OK	LTC-06 OK	875,525	514
OR	LTC-06 OR	1,222,570	661
PA	LTC-06 PA	1,025,291	450
PA	LTC-06 FR PA	540,288	311
RI	LTC-06 RI	480,254	212
SC	LTC-06 SC	1,074,922	542
SD	LTC-06 SD	525,446	299
TN	LTC-06 TN	2,630,093	1,511



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TX	LTC-06 TX	3,604,684	2,113
UT	LTC-06 UT	246,390	129
VA	LTC-06 VA	4,111,951	2,213
VT	LTC-06 VT	147,201	60
WA	LTC-06 WA	2,137,209	1,055
WI	LTC-06 WI	1,412,021	660
WV	LTC-06	120,424	61
WY	LTC-06	120,049	61
<b>Leading Edge Total</b>		<b>67,837,473</b>	<b>34,077</b>

## 15. Reserves

Active Life Reserves have not been used in this rate increase demonstration. Minimum Statutory Claim reserves as of 12/31/2015 have been discounted to the date of incurral of each respective claim and included in the historical incurred claims. Incurred But Not Reported claim reserves as of 12/31/2015 have also been allocated to the calendar year of incurral and included in historic incurred claims.

## 16. Analysis Performed

### Original Pricing Assumptions

The initial premium schedule was based on the originally filed pricing assumptions which were believed to be appropriate, given company and industry experience available, when the initial rate schedule was developed.

The original pricing assumptions for morbidity, voluntary termination rates, and mortality were as follows:

#### Morbidity

Claim assumptions were derived using data published by the National Center for Health Statistics National Nursing Home Survey (1985 and 1995), the National Health Interview Survey (1984), the National Long-Term Care Survey (1982, 1984, 1989, and 1994), Medicare data, and other experience from our own data and data furnished to us by consultants, with adjustments for the impact of underwriting, inflation options, elected options, anti-selection considerations, and the savings incurred because the maximum daily benefit will not always be paid.

#### Voluntary Terminations

Duration	5% Compound Guaranteed Purchase	Automatic Inflation & 5% Compound Inflation
1	3.90%	3.30%
2	2.45%	1.95%
3	1.55%	1.35%
4	1.25%	1.00%
5	1.10%	0.95%
6	1.00%	0.90%
7	1.00%	0.85%

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8	1.00%	0.85%
9	1.00%	0.85%
10	1.00%	0.85%
11+	0.95%	0.85%

**Mortality**

Our mortality decrement is based on the unloaded 1994 Group Annuity Mortality Table, sex-distinct with 10 years of improvements, and the following selection factors:

Policy Year	Preferred Risk Class				Standard Risk Class			
	Issue Ages				Issue Ages			
	<= 55	65	75	>= 82	<= 55	65	75	>= 82
1	15.8%	12.9%	14.6%	14.6%	27.7%	22.6%	25.7%	25.7%
2	21.9%	17.7%	19.5%	19.7%	37.0%	29.8%	32.9%	33.2%
3	27.8%	22.8%	25.9%	25.7%	45.2%	37.0%	42.1%	41.7%
4	31.5%	26.3%	32.2%	32.1%	49.3%	41.1%	50.3%	50.3%
5	34.7%	34.0%	39.4%	39.7%	52.4%	51.4%	59.6%	59.9%
6	39.4%	39.4%	45.7%	45.7%	57.5%	57.5%	66.8%	66.8%
7	42.9%	42.9%	51.6%	51.5%	60.6%	60.6%	72.9%	72.8%
8	47.3%	46.6%	57.1%	57.1%	64.7%	63.7%	78.1%	78.1%
9	50.8%	49.6%	62.0%	70.2%	67.4%	65.7%	82.2%	93.1%
10	56.7%	53.4%	69.8%	78.1%	70.9%	66.8%	87.3%	97.6%
11	59.2%	53.5%	72.2%	81.6%	74.0%	66.9%	90.3%	102.1%
12	60.0%	54.3%	77.1%	85.6%	75.0%	67.9%	96.4%	107.0%
13	60.9%	55.9%	82.1%	85.6%	76.1%	69.9%	102.6%	107.0%
14	62.6%	57.5%	83.8%	85.6%	78.2%	71.9%	104.8%	107.0%
15	64.2%	59.1%	85.6%	85.6%	80.3%	73.9%	107.0%	107.0%
16	66.4%	62.7%	85.6%	85.6%	83.0%	78.4%	107.0%	107.0%
17	68.5%	64.4%	85.6%	85.6%	85.6%	80.5%	107.0%	107.0%
18	70.7%	67.1%	85.6%	85.6%	88.3%	83.8%	107.0%	107.0%
19	72.8%	69.7%	85.6%	85.6%	91.0%	87.1%	107.0%	107.0%
20	74.9%	72.4%	85.6%	85.6%	93.7%	90.4%	107.0%	107.0%
21	77.1%	75.0%	85.6%	85.6%	96.3%	93.8%	107.0%	107.0%
22	79.2%	77.7%	85.6%	85.6%	99.0%	97.1%	107.0%	107.0%
23	81.3%	80.3%	85.6%	85.6%	101.7%	100.4%	107.0%	107.0%
24	83.5%	83.0%	85.6%	85.6%	104.3%	103.7%	107.0%	107.0%
25+	85.6%	85.6%	85.6%	85.6%	107.0%	107.0%	107.0%	107.0%

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Policy Year	Substandard 1 Risk Class				Substandard 2 Risk Class			
	Issue Ages				Issue Ages			
	<= 55	65	75	>= 82	<= 55	65	75	>= 82
1	49.0%	39.9%	45.4%	45.4%	60.1%	49.0%	55.7%	55.7%
2	64.7%	52.1%	57.5%	58.0%	78.6%	63.3%	69.9%	70.5%
3	78.3%	64.1%	73.0%	72.3%	94.1%	77.0%	87.7%	86.9%
4	84.6%	70.5%	86.4%	86.3%	100.6%	83.8%	102.7%	102.6%
5	89.0%	87.3%	101.3%	101.9%	104.6%	102.6%	119.0%	119.7%
6	96.8%	96.8%	112.4%	112.4%	112.4%	112.4%	130.5%	130.5%
7	101.0%	101.0%	121.5%	121.3%	115.8%	115.8%	139.4%	139.1%
8	106.8%	105.1%	128.8%	128.9%	120.9%	119.0%	145.9%	145.9%
9	110.1%	107.4%	134.2%	152.0%	123.1%	120.0%	150.0%	169.9%
10	113.4%	106.8%	139.7%	156.1%	123.3%	116.2%	151.9%	169.8%
11	118.4%	107.0%	144.4%	163.3%	128.7%	116.4%	157.1%	177.6%
12	120.0%	108.6%	154.3%	171.2%	130.5%	118.1%	167.8%	186.2%
13	121.7%	111.8%	164.1%	171.2%	132.4%	121.6%	178.5%	186.2%
14	125.1%	115.0%	167.7%	171.2%	136.1%	125.1%	182.3%	186.2%
15	128.5%	118.2%	171.2%	171.2%	139.7%	128.6%	186.2%	186.2%
16	132.8%	125.5%	171.2%	171.2%	144.4%	136.5%	186.2%	186.2%
17	137.0%	128.8%	171.2%	171.2%	149.0%	140.1%	186.2%	186.2%
18	141.3%	134.1%	171.2%	171.2%	153.7%	145.8%	186.2%	186.2%
19	145.6%	139.4%	171.2%	171.2%	158.3%	151.6%	186.2%	186.2%
20	149.8%	144.7%	171.2%	171.2%	163.0%	157.4%	186.2%	186.2%
21	154.1%	150.0%	171.2%	171.2%	167.6%	163.1%	186.2%	186.2%
22	158.4%	155.3%	171.2%	171.2%	172.2%	168.9%	186.2%	186.2%
23	162.7%	160.6%	171.2%	171.2%	176.9%	174.7%	186.2%	186.2%
24	166.9%	165.9%	171.2%	171.2%	181.5%	180.4%	186.2%	186.2%
25+	171.2%	171.2%	171.2%	171.2%	186.2%	186.2%	186.2%	186.2%

Factors for ages between the ones listed above are interpolated.

### Recent Experience

As part of the inforce management of the business, the Company monitored the performance of the business by completing periodic analysis for morbidity, voluntary lapse rates, and mortality. The findings from these analyses were used in projecting the inforce business to determine the effect of experience on the projected lifetime loss ratio. The most current studies show significant unfavorable trends since the study used in the original pricing. In general claims, particularly at higher ages, continue to last longer than expected, lapses are lower than expected, and a higher percentage of claim terminations are due to recoveries (as opposed to death) than expected.

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The following tables show in aggregate how our new assumptions (Expected) compare to actual experience:

Morbidity

Experience period: Inception through 9/30/2014. Duration 10+ are used for incidence, duration 5+ for claim termination, and all durations for utilization. The following charts show key experience compared to revised assumptions.

**Incidence**

Duration	A/E
1-3	101%
4-6	101%
7-9	99%
10+	97%
<b>Total</b>	<b>98%</b>

**Claim Terminations**

Benefit Period	A/E
<10 years	99%
10+ years	97%
<b>Total</b>	<b>99%</b>

**Utilization**

Inflation	A/E
None / GPO	98%
Simple	98%
Compound	98%
<b>Total</b>	<b>98%</b>

Voluntary Lapses

Experience period: 12/31/2009 - 12/31/2014

Duration	Lapse A/E by Amount	
	Without Inflation	With Inflation
1	100%	100%
2	103%	100%
3-5	100%	101%
6-10	99%	100%
11-15	100%	101%
16+	96%	97%
<b>Total per inflation</b>	<b>100%</b>	<b>100%</b>
<b>TOTAL</b>	<b>100%</b>	

Note that the lapse study removed all policies which had undergone prior rate increases except for the 2008 re-rate policies which are now allowed to re-enter the study after their first year since re-rate, provided they have not subsequently received another rate increase.

Mortality

Experience period: 12/31/2009 - 12/31/2014

Duration	A/E by Amount
1-5	96%
6-10	96%
11+	101%
<b>Total</b>	<b>99%</b>

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**17. Requested Rate Increase**

The Company is requesting a flat rate increase of 26.9%. Rate increases were derived as follows:

1. Upon reviewing the impact of our recent assumption changes on this product, it was discovered that a rate increase should have been requested after our 2010 Experience Studies. We have calculated a 2010 rate increase based on nationwide actual experience and then projected future experience, assuming they were calculated in 2010 and with an implementation date of 7/1/11. This lowered the rate increases needed to revert to the original lifetime loss ratio target, which was adjusted to reflect historical CPI. As such, John Hancock is absorbing the cost of delay in requesting this rate increase, rather than passing on the costs to insureds. The resulting increase in rates was then adjusted to satisfy the rate stability rule ensuring no less than an 85% loss ratio on the rate increase portion, while applying the original loss ratio on the original rate schedule (as the original loss ratio was higher than 58%). After application of this restriction, we determined the amount of the rate increase attributable to our 2010 Experience Studies is a flat 8.4%.
2. Assuming the 2010 rate increase was approved, we then calculated the additional amount needed to account for the unfavorable trends from our 2016 Experience Studies. The Company determined the projected lifetime loss ratio for this form based on nationwide actual experience and projected future experience. We then determined the amount of rate increase (21.5%) that would be needed in order to revert to the loss ratio that would have resulted from our 2010 rate increase, adjusted to reflect historical CPI.
3. We ensured that the total proposed rate increases did not result in premium rates that exceed rates for older issue ages or the most recent traditional LTC rates that have been filed with the Interstate Compact for new business under the ICC12-LTC-12 policy form, adjusted for benefit differences and changes in underwriting guidelines and risk classification (this is demonstrated in **Appendix A** using LTC-06 PA as an example). As this product (ICC12-LTC-12) is no longer open for new business, the most recently filed new business LTC rates for this product were adjusted to account for the average impact of the assumption updates due to the 2016 Experience Studies. An adjustment of 9.5% was applied to all rates to reflect these updates. After the application of this restriction the average 2016 rate increase for the forms listed in this memo is a flat 21.5%.
4. We ensured that the resulting overall increase in rates satisfied the rate stability rule ensuring no less than an 85% loss ratio on the rate increase portion, while applying the original loss ratio on the original rate schedule (as the original loss ratio was higher than 58%). After application of this restriction, the initial flat 2016 rate increase solved for in step 2 was adjusted from 21.5 % to 17.1%.
5. This results in an overall cumulative flat requested rate increase of 26.9%, 8.4% from 2010 and 17.1% from 2016. The rate stability rule is demonstrated at the bottom of **Exhibit 1** where it can be seen that the sum of past and future projected incurred claims is not less than the sum of the original premium times the original loss ratio and the rate increase premium times the 85% loss ratio requirement.

**Appendix B1** contains the new proposed rate tables for all policy forms included with this filing. Please note that the actual rates implemented may vary slightly from those in Appendix B1 due to implementation rounding algorithms.

**Exhibit 1** contain nationwide past premium and claims experience and future premium and claim projections and illustrates that the anticipated lifetime loss ratio with the requested rate increases and the previously-stated margin for moderately adverse experience is 71.5%, well in excess of the minimum loss ratio of 60% as well as greater than the original pricing loss ratio of 69.4%. The lifetime loss ratio as of 12/31/2015 is calculated as the sum of accumulated past and discounted future claims divided by the sum of accumulated past and discounted future earned premium where accumulation and discounting occur at the maximum statutory valuation discount

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rate. In Exhibit 1, a portion of the rate increase is applied historically (starting in calendar year 2011). Refer to section 17.1 for background on this assumption.

In addition, **Exhibit 1** contains the original expected loss ratio projections with the lifetime loss ratio calculated as stated above, adjusted for the following.

- For contracts with the CPI linked inflation rider, both past and future benefits were updated to reflect the impact of actual past CPI rates differing from the original pricing assumption. In this way, the current projected benefits and the benefits projected in original pricing are based on the same level of CPI indices. This adjustment is needed to neutralize the impact on the rate increase for differences in actual past CPI from original pricing assumptions; i.e. the need for a rate increase and the level of a rate increase is not dependent on changes in the CPI levels. Adjustments will be made in both directions (i.e. when actual CPI is higher or lower than original pricing).
- Updated to reflect the actual mix of business sold.

For contracts with CPI-linked inflation, we are using the same future CPI assumptions as were used in original pricing (2.9%) in order to ensure that the need for a rate increase and the level of a rate increase is not dependent on changes to future CPI levels.

Furthermore, **Exhibit 1** demonstrates that the calculated loss ratio respects the applicable pre or post stability form requirements:

Post-stability form requirements:

The sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times the original assumed lifetime loss ratio (which was higher than 58%),
2. 85% of the accumulated value of prior premium rate schedule increases,
3. Present value of future projected initial earned premium times the original assumed lifetime loss ratio, and
4. 85% of the present value of future projected premium in excess of the projected initial earned premium.

Pre-stability form requirements:

The sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times the original assumed lifetime loss ratio (which was higher than 60%),
2. 80% of the accumulated value of prior premium rate schedule increases,
3. Present value of future projected initial earned premium times the original assumed lifetime loss ratio, and
4. 80% of the present value of future projected premium in excess of the projected initial earned premium.

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**18. New inflation options that will allow policyholders to avoid the rate increase**

Although this is a closed block of business, we are filing new future inflation options that will allow policyholders that have 5% Compound Inflation coverage the option to completely avoid the rate increase.

Under these new options, the policyholders get to keep their current accumulated Daily or Monthly benefit and their current remaining Lifetime Maximum Benefit, but the future indexation rate will be reduced from an annual rate of 5% to an annual rate of 4.0%.

The 4.0% indexation rate was determined to be actuarially equivalent to the requested rate increases in aggregate and therefore this option is only available if the full rate increase requested is accepted.

The premium rate schedules for these options are included in this filing as **Appendix C1**.

**19. History of Previous Rate Revisions**

There have been no prior rate increases on these forms.

**20. Past Losses Testing**

Preventing companies from recouping past losses was the subject of a recent discussion by the NAIC in late 2013. The accepted methodology which was incorporated into the 2014 LTC Model Regulation defines past losses as actual past claims less expected past claims when determining loss ratio compliance where expected past claims are defined as the following:

“Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase regardless of whether or not the rate increase is approved. Expected claims are calculated for each calendar year based on the in-force during the calendar year. Expected claims shall include margins for moderately adverse experience; the margins included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing.”

This methodology is applied in **Exhibit 1**. As there have been no prior rate actions or assumption changes, the original assumptions reflect our expected claims. At the bottom of **Exhibit 1**, past incurred claims based on original assumptions are more than the past actual incurred claims, therefore, no past losses are being recouped.

**21. Data Credibility**

Regarding the credibility of data for younger blocks of business such as Leading Edge, the Company would like to draw attention to the American Academy of Actuaries Issue Brief “*Understanding Premium Rate Increases on Private LTCI Policyholders 060216.pdf*”, which has been included with this filing. The brief provides guidance on determining the need for premium rate increases on pages 4 and 5. This guidance includes a discussion on determining assumptions used for projections, particularly in situations where experience credibility may be low. Because of the long duration nature of Long Term Care policies, claims are often not seen in early durations which leads to lower credibility in actual experience for younger groups of policies. In situations where this is the case, the Actuarial Standards of Practice require that industry data or company data for older, similar business be used to set assumptions. Specifically, the brief states the following:

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“Section 3.2.1 of Actuarial Standard of Practice No. 18, Long-Term Care Insurance, requires actuaries to use alternative data sources such as public data or experience from the insurance company’s older, similar policy forms for identifying reasonable assumptions. Waiting until there is adequate claim information on each policy form could result in much larger, less affordable rate increases.”

Since Leading Edge is a younger block of business, our proposed rate increases on this form are based on our experience from this form as well as similar forms where we have over 20 years of experience. Overall, our unfavorable morbidity experience is at later durations and older attained ages, where we have significant data on our older plans and less on younger ones. With our combined data we are able to make credible decisions regarding future assumptions, in accordance with ASOP 18. Focusing solely on past experience for this product discredits our future projections and prevents us from acting on this information in a timely manner. Delaying rate increases until we have amassed similar experience on this particular policy form would take a considerable amount of time and would result in much higher rate increases for our customers which would be more difficult to manage and would require larger reductions in benefits in order to mitigate them. For example, if we were to delay rate increases on the Leading Edge plan for 10 years, with experience continuing as currently expected, we would require approximately an average rate increase of 65% compared to the current proposed rate increase of 26.9%.

**22. Proposed Effective Date**

These rates will be effective on the next policy anniversary date, following at least a 90 day policyholder notification period.



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**23. Actuarial Certification**

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long-term care insurance premiums and filing for increases in long-term care insurance premiums. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The preceding Actuarial Memorandum contains:


- a) the assumptions on which this certification is based;
- b) the adjustments to prior assumptions with an explanation of the reasons previous assumptions were not realized;
- c) a lifetime projection of the prior premium rate schedules and incurred claims plus future expected premiums and claims which demonstrates that the revised premium rate schedule meets the loss ratios standards and necessary details of this state; and
- d) disclosure of the manner, if any, in which reserves have been recognized.

If the requested premium rate schedule increase is implemented and the underlying assumptions which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

I have reviewed and taken into consideration the policy design and coverage provided, and our current underwriting and claims adjudication processes.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary. Based on these assumptions or statutory requirements where necessary, the premium rate filing is in compliance with the loss ratio standards of this state.

The basis for contract reserves has been previously filed and there is no anticipation of any changes.



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Diane Cronin, FSA, MAAA  
Actuary  
John Hancock Life Insurance Company

Exhibit 1: Nationwide Loss Ratio Exhibit  
Leading Edge (LTC-06)

Original Assumptions				Historical & Projected Experience						
Calendar Year				Before Proposed Increase			With Proposed Rate Increase			
	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	
Historical Experience	2002	-	-	-	200	0%	-	200	0%	
	2003	-	-	-	3,642	0%	-	3,642	0%	
	2004	-	-	-	14,364	0%	-	14,364	0%	
	2005	-	-	-	32,450	0%	-	32,450	0%	
	2006	726	52,554	1%	-	127,825	0%	-	127,825	0%
	2007	106,328	6,582,805	2%	-	6,780,062	0%	-	6,780,062	0%
	2008	494,393	25,416,886	2%	562,133	25,609,969	2%	562,133	25,609,969	2%
	2009	1,177,405	45,253,691	3%	130,211	44,780,697	0%	130,211	44,780,697	0%
	2010	2,151,487	60,565,800	4%	2,307,935	59,634,558	4%	2,307,935	59,634,558	4%
	2011	3,272,470	65,757,205	5%	2,287,936	64,422,856	4%	2,287,936	65,099,268	4%
	2012	4,472,013	64,616,873	7%	2,315,993	63,042,448	4%	2,315,993	67,675,872	3%
	2013	5,798,267	63,620,254	9%	2,920,122	62,148,822	5%	2,920,122	67,369,103	4%
	2014	7,245,159	62,662,009	12%	6,220,343	61,780,034	10%	6,220,343	66,969,337	9%
	2015	8,819,076	61,661,988	14%	6,931,957	61,312,897	11%	6,931,957	66,462,962	10%
Projected Future Experience	2016	10,489,602	60,585,507	17%	7,267,374	60,408,456	12%	7,269,838	65,482,552	11%
	2017	12,300,884	59,451,582	21%	9,243,002	59,473,853	16%	9,243,415	65,315,650	14%
	2018	14,368,519	58,255,494	25%	11,423,371	58,510,348	20%	11,309,723	71,254,116	16%
	2019	16,541,457	56,998,446	29%	13,719,069	57,483,257	24%	13,569,835	71,545,158	19%
	2020	18,632,846	55,680,693	33%	16,298,203	56,383,823	29%	16,136,202	70,176,774	23%
	2021	20,883,263	54,300,076	38%	19,503,044	55,222,833	35%	19,314,077	68,731,775	28%
	2022	23,428,985	52,852,705	44%	23,271,644	54,018,703	43%	23,043,152	67,233,084	34%
	2023	26,587,988	51,333,907	52%	27,537,829	52,778,029	52%	27,261,884	65,688,908	42%
	2024	30,412,746	49,737,330	61%	32,102,547	51,492,601	62%	31,774,527	64,089,032	50%
	2025	34,684,304	48,057,780	72%	37,118,494	50,146,418	74%	36,729,662	62,413,537	59%
	2026	39,253,361	46,294,269	85%	42,842,052	48,728,146	88%	42,380,020	60,648,319	70%
	2027	43,740,676	44,447,725	98%	49,067,477	47,229,694	104%	48,524,766	58,783,307	83%
	2028	47,916,073	42,520,504	113%	55,834,340	45,643,985	122%	55,201,648	56,809,691	97%
	2029	52,327,693	40,513,710	129%	62,833,843	43,955,529	143%	62,106,871	54,708,195	114%
	2030	57,008,739	38,428,418	148%	69,503,393	42,156,468	165%	68,686,731	52,469,037	131%
	2031	61,883,400	36,268,390	171%	75,702,281	40,240,466	188%	74,802,483	50,084,331	149%
	2032	65,934,060	34,043,492	194%	81,919,344	38,209,121	214%	80,933,579	47,556,066	170%
	2033	68,300,759	31,774,441	215%	88,160,765	36,072,288	244%	87,084,707	44,896,508	194%
	2034	70,338,802	29,493,100	238%	94,272,835	33,845,465	279%	93,103,187	42,124,947	221%
	2035	72,439,141	27,229,602	266%	99,110,570	31,555,276	314%	97,864,574	39,274,517	249%
	2036	74,939,286	25,006,547	300%	101,454,508	29,221,647	347%	100,172,869	36,370,023	275%
	2037	76,350,341	22,841,405	334%	102,587,806	26,867,946	382%	101,286,286	33,440,545	303%
	2038	75,240,864	20,749,848	363%	103,157,687	24,525,974	421%	101,838,708	30,525,665	334%
	2039	73,433,470	18,747,263	392%	103,800,229	22,231,509	467%	102,453,527	27,669,915	370%
	2040	71,607,725	16,846,016	425%	103,305,072	20,022,271	516%	101,944,627	24,920,240	409%
	2041	70,484,720	15,051,306	468%	100,040,669	17,920,838	558%	98,713,927	22,304,741	443%
	2042	68,663,632	13,368,170	514%	95,459,387	15,940,173	599%	94,187,078	19,839,554	475%
	2043	64,774,527	11,802,601	549%	90,614,248	14,088,167	643%	89,397,525	17,534,499	510%
	2044	60,419,416	10,360,007	583%	86,654,148	12,371,387	700%	85,473,015	15,397,750	555%
	2045	56,236,014	9,042,939	622%	82,716,312	10,797,992	766%	81,569,042	13,439,462	607%
	2046	52,879,476	7,847,284	674%	77,644,898	9,369,404	829%	76,553,686	11,661,404	656%
	2047	49,425,192	6,768,117	730%	72,065,957	8,083,481	892%	71,041,888	10,060,911	706%
	2048	44,953,495	5,801,363	775%	66,180,246	6,932,784	955%	65,231,047	8,628,723	756%
	2049	40,495,902	4,943,450	819%	60,770,566	5,909,348	1028%	59,889,215	7,354,928	814%
	2050	36,273,598	4,189,918	866%	55,783,898	5,006,517	1114%	54,964,723	6,231,241	882%
	2051	32,689,862	3,532,841	925%	51,050,631	4,215,377	1211%	50,291,484	5,246,568	959%
	2052	29,484,027	2,963,887	995%	46,257,862	3,526,405	1312%	45,562,772	4,389,056	1038%
	2053	26,149,789	2,474,897	1057%	40,978,589	2,927,350	1400%	40,359,718	3,643,456	1108%
	2054	23,109,925	2,057,750	1123%	35,730,482	2,407,745	1484%	35,189,756	2,996,742	1174%
Values as of 12/31/2015 (discounted at maximum statutory valuation rates)										
Past :	36,388,718	526,950,147	6.9%	25,553,699	519,622,089	4.9%	25,553,699	542,170,166	4.7%	
Future :	843,497,074	741,328,351	113.8%	1,057,560,863	781,592,851	135.3%	1,044,660,910	953,717,734	109.5%	
Lifetime :	879,885,792	1,268,278,498	69.4%	1,083,114,562	1,301,214,940	83.2%	1,070,214,609	1,495,887,900	71.5%	

Total Incurred Claims exceed Total Initial Premiums x max(58%, Original Pricing Loss Ratio) + Increased Premiums x max(85%, Original Pricing Loss Ratio)

			Accum Value of Past Initial Prm x 69.4% =		360,495,029
			Present Value of Future Initial Prm x 69.4% =		533,330,214
Accum. Value of Past Incurred Claims =			25,553,699		19,165,865
Present Value of Future Incurred Claims =			1,044,660,910		157,223,502
Total =			1,070,214,609		1,070,214,609

Total Incurred Claims exceed Total Initial Premiums x max(60%, Original Pricing Loss Ratio) + Increased Premiums x max(80%, Original Pricing Loss Ratio)

			Accum Value of Past Initial Prm x 69.4% =		360,495,029
			Present Value of Future Initial Prm x 69.4% =		533,330,214
Accum. Value of Past Incurred Claims =			25,553,699		18,038,461
Present Value of Future Incurred Claims =			1,044,660,910		147,975,060
Total =			1,070,214,609		1,059,838,763

# Appendix A - Comparison to New Business Rates (Leading Edge Series)

Rates shown are for a 100-day EP, single, Standard policyholder, and are per \$10 daily benefit

## Inflation Option: 5% Compound Guaranteed Purchase

New Business Rates adjusted for Benefit Differences* :				LTC-06 PA Rates after Requested Rate Increases excluding additional rate increase due to cost of delay :				LTC-06 PA Rates after Requested Rate Increases including additional rate increase due to cost of delay :				LTC-06 PA 2016 Rate Increases (%) :			
Issue	Benefit Period			Issue	Benefit Period			Issue	Benefit Period			Issue	Benefit Period		
Age	3	5	5 years + 1M Rider	Age	3	5	5 years + 1M Rider	Age	3	5	5 years + 1M Rider	Age	3	5	5 years + 1M Rider
18-29	44.63	53.79	71.72	18-29	15.23	20.31	29.19	18-29	15.23	20.31	29.19	18-29	27%	27%	27%
30	46.92	56.76	81.99	30	16.50	22.85	33.00	30	16.50	22.85	33.00	30	27%	27%	27%
31	48.07	58.59	82.03	31	17.77	24.12	34.27	31	17.77	24.12	34.27	31	27%	27%	27%
32	49.90	60.88	85.24	32	19.04	25.38	36.81	32	19.04	25.38	36.81	32	27%	27%	27%
33	51.04	63.40	86.45	33	20.31	26.65	38.08	33	20.31	26.65	38.08	33	27%	27%	27%
34	52.87	65.69	89.58	34	21.58	27.92	40.62	34	21.58	27.92	40.62	34	27%	27%	27%
35	54.02	68.21	90.94	35	22.85	29.19	41.88	35	22.85	29.19	41.88	35	27%	27%	27%
36	56.30	70.50	92.19	36	24.12	31.73	45.69	36	24.12	31.73	45.69	36	27%	27%	27%
37	58.14	73.47	101.73	37	25.38	33.00	48.23	37	25.38	33.00	48.23	37	27%	27%	27%
38	59.28	75.99	101.73	38	26.65	34.27	49.50	38	26.65	34.27	49.50	38	27%	27%	27%
39	61.11	78.96	101.73	39	27.92	36.81	52.04	39	27.92	36.81	52.04	39	27%	27%	27%
40	63.40	81.94	102.42	40	29.19	38.08	54.58	40	29.19	38.08	54.58	40	27%	27%	27%
41	65.23	83.77	103.48	41	30.46	40.62	57.12	41	30.46	40.62	57.12	41	27%	27%	27%
42	67.06	86.06	111.37	42	33.00	43.15	60.92	42	33.00	43.15	60.92	42	27%	27%	27%
43	68.89	87.89	112.30	43	34.27	45.69	64.73	43	34.27	45.69	64.73	43	27%	27%	27%
44	70.72	90.87	121.15	44	36.81	48.23	68.54	44	36.81	48.23	68.54	44	27%	27%	27%
45	72.56	92.70	121.97	45	38.08	50.77	72.35	45	38.08	50.77	72.35	45	27%	27%	27%
46	74.39	95.67	124.37	46	40.62	53.31	76.15	46	40.62	53.31	76.15	46	27%	27%	27%
47	76.68	97.50	125.36	47	43.15	57.12	79.96	47	43.15	57.12	79.96	47	27%	27%	27%
48	79.19	100.48	133.97	48	45.69	59.65	85.04	48	45.69	59.65	85.04	48	27%	27%	27%
49	81.02	103.00	140.45	49	48.23	63.46	90.12	49	48.23	63.46	90.12	49	27%	27%	27%
50	83.31	105.29	141.91	50	50.77	67.27	95.19	50	50.77	67.27	95.19	50	27%	27%	27%
51	85.83	110.09	151.38	51	53.31	69.81	100.27	51	53.31	69.81	100.27	51	27%	27%	27%
52	88.81	113.75	159.26	52	55.85	72.35	105.35	52	55.85	72.35	105.35	52	27%	27%	27%
53	92.24	118.56	175.47	53	59.65	74.88	110.42	53	59.65	74.88	110.42	53	27%	27%	27%
54	95.90	122.68	184.02	54	62.19	77.42	115.50	54	62.19	77.42	115.50	54	27%	27%	27%
55	98.88	127.49	193.59	55	66.00	79.96	121.85	55	66.00	79.96	121.85	55	27%	27%	27%
56	104.83	135.27	205.24	56	69.81	86.31	129.46	56	69.81	86.31	129.46	56	27%	27%	27%
57	110.78	143.05	216.88	57	73.62	91.38	138.35	57	73.62	91.38	138.35	57	27%	27%	27%
58	116.73	150.83	228.53	58	78.69	99.00	147.23	58	78.69	99.00	147.23	58	27%	27%	27%
59	123.37	159.76	246.49	59	82.50	105.35	157.38	59	82.50	105.35	157.38	59	27%	27%	27%
60	130.46	169.37	265.50	60	87.58	112.96	167.54	60	87.58	112.96	167.54	60	27%	27%	27%
61	140.53	181.27	280.98	61	95.19	123.12	180.23	61	95.19	123.12	180.23	61	27%	27%	27%
62	150.60	193.86	302.07	62	104.08	133.27	194.19	62	104.08	133.27	194.19	62	27%	27%	27%
63	162.51	207.60	320.42	63	112.96	144.69	209.42	63	112.96	144.69	209.42	63	27%	27%	27%
64	174.41	222.47	349.60	64	123.12	157.38	224.65	64	123.12	157.38	224.65	64	27%	27%	27%
65	187.91	238.04	368.28	65	134.54	171.35	242.42	65	134.54	171.35	242.42	65	27%	27%	27%
66	205.76	261.15	400.74	66	148.50	189.12	266.54	66	148.50	189.12	266.54	66	27%	27%	27%
67	226.36	286.10	433.62	67	162.46	208.15	293.19	67	162.46	208.15	293.19	67	27%	27%	27%
68	247.65	314.03	475.52	68	178.96	229.73	322.38	68	178.96	229.73	322.38	68	27%	27%	27%
69	271.91	344.92	515.15	69	196.73	253.85	355.38	69	196.73	253.85	355.38	69	27%	27%	27%
70	297.77	378.11	556.05	70	215.77	279.23	390.92	70	215.77	279.23	390.92	70	27%	27%	27%
71	326.61	417.71	602.38	71	242.42	312.23	431.54	71	242.42	312.23	431.54	71	27%	27%	27%
72	357.06	460.28	651.34	72	274.15	347.77	475.96	72	274.15	347.77	475.96	72	27%	27%	27%
73	391.16	508.12	700.26	73	308.42	388.38	525.46	73	308.42	388.38	525.46	73	27%	27%	27%
74	427.55	560.07	759.49	74	346.50	434.08	580.04	74	346.50	434.08	580.04	74	27%	27%	27%
75	468.52	617.98	818.41	75	390.92	484.85	640.96	75	390.92	484.85	640.96	75	27%	27%	27%
76	542.72	669.22	893.66	76	435.35	540.69	714.58	76	435.35	540.69	714.58	76	27%	27%	27%
77	601.34	743.55	991.41	77	486.11	602.88	795.81	77	486.11	602.88	795.81	77	27%	27%	27%
78	670.16	819.54	1098.10	78	541.96	671.42	885.92	78	541.96	671.42	885.92	78	27%	27%	27%
79	743.19	907.90	1217.23	79	604.15	748.85	987.46	79	604.15	748.85	987.46	79	27%	27%	27%
80	1228.01	1489.04	2005.16	80	665.08	823.73	1086.46	80	665.08	823.73	1086.46	80	27%	27%	27%
81	1327.62	1607.12	2166.12	81	731.08	906.23	1195.61	81	731.08	906.23	1195.61	81	27%	27%	27%
82	1431.22	1733.43	2332.15	82	804.69	996.35	1314.92	82	804.69	996.35	1314.92	82	27%	27%	27%
83	1542.26	1866.36	2514.56	83	884.65	1096.61	1446.92	83	884.65	1096.61	1446.92	83	27%	27%	27%
84	1661.11	2005.36	2704.77	84	973.50	1205.77	1591.61	84	973.50	1205.77	1591.61	84	27%	27%	27%

\* Benefit Differences between LTC-06 PA and ICC12-LTC-12:

LTC-06 PA provides benefit increases while on claim

LTC-06 PA does not have the Double Coverage for Accident Benefit or Return of Premium Prior to 65 Benefit

LTC-06 PA provides respite care and homemaker services, in addition to home health care and hospice care

ICC12-LTC-12 benefits paid under the Stay at Home Benefit will not reduce the Policy Limit

LTC-06 PA rates are for a 100 service-day EP, ICC12-LTC-12 rates are for a 90 service-day EP

ICC12-LTC-12 underwriting guidelines and classification are stricter than for LTC-06 PA

ICC12-LTC-12 unisex rates are determined by assuming a 60% female / 40% male mix of business

ICC12-LTC-12 5 yrs + 1M Rider rates are approximated by applying the ratio of [LTC-03 Lifetime (or 5 yrs + 1M Rider) / LTC-03 5 yrs] to the ICC12-LTC-12 5 yrs rates (LTC-03 was the last product in which we offered Lifetime benefit period option)

**Appendix A - Comparison to New Business Rates (Leading Edge Series)**

Rates shown are for a 100-day EP, single, Standard policyholder, and are per \$10 daily benefit

**Inflation Option: Automatic Inflation****New Business Rates adjusted for Benefit Differences\* :**

Issue	Benefit Period		
	3	5	5 years + 1M Rider
18-29	113.82	138.13	207.20
30	119.84	145.45	221.08
31	121.57	147.60	221.40
32	122.64	149.97	224.95
33	124.36	152.12	225.36
34	126.51	154.92	226.84
35	127.59	157.07	235.60
36	129.31	159.43	236.40
37	131.03	162.23	236.40
38	133.18	164.38	241.09
39	134.26	167.18	242.68
40	135.98	169.98	244.34
41	138.78	173.42	252.25
42	140.50	176.86	254.89
43	143.30	180.09	262.42
44	145.66	183.53	270.20
45	147.82	187.62	278.89
46	150.61	191.49	287.24
47	152.98	194.94	294.90
48	155.13	198.81	295.79
49	157.93	202.90	304.34
50	160.29	206.77	312.56
51	164.17	211.29	321.73
52	166.96	216.45	336.70
53	170.41	221.40	346.54
54	173.20	226.56	356.72
55	177.08	232.16	372.42
56	182.24	239.04	382.47
57	187.84	245.71	392.20
58	194.08	252.60	394.97
59	200.75	260.56	411.41
60	206.98	267.88	415.21
61	220.32	281.86	442.92
62	234.31	296.49	464.65
63	250.02	311.77	487.41
64	266.15	328.12	516.24
65	283.58	344.90	545.73
66	304.02	372.87	592.21
67	325.11	402.57	638.85
68	347.92	435.49	683.71
69	372.87	470.13	740.01
70	399.34	507.99	794.56
71	435.92	549.09	834.28
72	476.15	594.06	884.77
73	520.26	641.82	931.68
74	568.67	693.89	983.70
75	620.95	750.27	1035.13
76	630.04	826.68	1143.70
77	696.45	899.42	1253.61
78	765.26	982.21	1376.67
79	843.97	1075.58	1511.30
80	1377.66	1742.33	2465.89
81	1470.89	1858.27	2633.01
82	1567.90	1981.66	2809.16
83	1675.73	2114.49	3002.57
84	1792.28	2259.61	3209.67

**LTC-06 PA Rates after Requested Rate Increases***excluding additional rate increase due to cost of delay :*

Issue	Benefit Period		
	3	5	5 years + 1M Rider
18-29	62.19	78.69	110.42
30	66.00	82.50	116.77
31	67.27	85.04	119.31
32	68.54	86.31	121.85
33	71.08	88.85	125.65
34	72.35	90.12	128.19
35	73.62	92.65	130.73
36	74.88	95.19	134.54
37	77.42	96.46	137.08
38	78.69	99.00	140.88
39	81.23	101.54	143.42
40	82.50	104.08	147.23
41	85.04	107.88	152.31
42	88.85	111.69	157.38
43	91.38	115.50	163.73
44	95.19	119.31	168.81
45	97.73	124.38	175.15
46	101.54	128.19	181.50
47	105.35	133.27	187.85
48	109.15	137.08	194.19
49	112.96	142.15	200.54
50	116.77	147.23	208.15
51	120.58	149.77	214.50
52	123.12	153.58	219.58
53	126.92	157.38	225.92
54	130.73	159.92	232.27
55	134.54	163.73	238.62
56	140.88	171.35	250.04
57	148.50	180.23	262.73
58	156.12	187.85	275.42
59	163.73	198.00	288.12
60	171.35	206.88	302.08
61	181.50	219.58	319.85
62	190.38	233.54	338.88
63	201.81	247.50	359.19
64	213.23	262.73	379.50
65	224.65	279.23	402.35
66	241.15	303.35	436.61
67	257.65	328.73	473.42
68	276.69	356.65	512.77
69	295.73	387.11	555.92
70	317.31	420.11	602.88
71	349.04	463.27	651.11
72	384.58	510.23	701.88
73	422.65	562.27	757.73
74	465.81	620.65	817.38
75	512.77	684.11	882.11
76	561.00	748.85	974.77
77	614.31	819.92	1077.58
78	673.96	898.61	1190.54
79	737.42	983.65	1316.19
80	811.04	1082.65	1448.19
81	892.27	1190.54	1592.88
82	981.11	1309.84	1752.81
83	1078.85	1440.58	1927.96
84	1186.73	1585.27	2120.88

**LTC-06 PA Rates after Requested Rate Increases***including additional rate increase due to cost of delay :*

Issue	Benefit Period		
	3	5	5 years + 1M Rider
18-29	62.19	78.69	110.42
30	66.00	82.50	116.77
31	67.27	85.04	119.31
32	68.54	86.31	121.85
33	71.08	88.85	125.65
34	72.35	90.12	128.19
35	73.62	92.65	130.73
36	74.88	95.19	134.54
37	77.42	96.46	137.08
38	78.69	99.00	140.88
39	81.23	101.54	143.42
40	82.50	104.08	147.23
41	85.04	107.88	152.31
42	88.85	111.69	157.38
43	91.38	115.50	163.73
44	95.19	119.31	168.81
45	97.73	124.38	175.15
46	101.54	128.19	181.50
47	105.35	133.27	187.85
48	109.15	137.08	194.19
49	112.96	142.15	200.54
50	116.77	147.23	208.15
51	120.58	149.77	214.50
52	123.12	153.58	219.58
53	126.92	157.38	225.92
54	130.73	159.92	232.27
55	134.54	163.73	238.62
56	140.88	171.35	250.04
57	148.50	180.23	262.73
58	156.12	187.85	275.42
59	163.73	198.00	288.12
60	171.35	206.88	302.08
61	181.50	219.58	319.85
62	190.38	233.54	338.88
63	201.81	247.50	359.19
64	213.23	262.73	379.50
65	224.65	279.23	402.35
66	241.15	303.35	436.61
67	257.65	328.73	473.42
68	276.69	356.65	512.77
69	295.73	387.11	555.92
70	317.31	420.11	602.88
71	349.04	463.27	651.11
72	384.58	510.23	701.88
73	422.65	562.27	757.73
74	465.81	620.65	817.38
75	512.77	684.11	882.11
76	561.00	748.85	974.77
77	614.31	819.92	1077.58
78	673.96	898.61	1190.54
79	737.42	983.65	1316.19
80	811.04	1082.65	1448.19
81	892.27	1190.54	1592.88
82	981.11	1309.84	1752.81
83	1078.85	1440.58	1927.96
84	1186.73	1585.27	2120.88

**LTC-06 PA 2016 Rate Increases (%) :**

Issue	Benefit Period		
	3	5	5 years + 1M Rider
18-29	27%	27%	27%
30	27%	27%	27%
31	27%	27%	27%
32	27%	27%	27%
33	27%	27%	27%
34	27%	27%	27%
35	27%	27%	27%
36	27%	27%	27%
37	27%	27%	27%
38	27%	27%	27%
39	27%	27%	27%
40	27%	27%	27%
41	27%	27%	27%
42	27%	27%	27%
43	27%	27%	27%
44	27%	27%	27%
45	27%	27%	27%
46	27%	27%	27%
47	27%	27%	27%
48	27%	27%	27%
49	27%	27%	27%
50	27%	27%	27%
51	27%	27%	27%
52	27%	27%	27%
53	27%	27%	27%
54	27%	27%	27%
55	27%	27%	27%
56	27%	27%	27%
57	27%	27%	27%
58	27%	27%	27%
59	27%	27%	27%
60	27%	27%	27%
61	27%	27%	27%
62	27%	27%	27%
63	27%	27%	27%
64	27%	27%	27%
65	27%	27%	27%
66	27%	27%	27%
67	27%	27%	27%
68	27%	27%	27%
69	27%	27%	27%
70	27%	27%	27%
71	27%	27%	27%
72	27%	27%	27%
73	27%	27%	27%
74	27%	27%	27%
75	27%	27%	27%
76	27%	27%	27%
77	27%	27%	27%
78	27%	27%	27%
79	27%	27%	27%
80	27%	27%	27%
81	27%	27%	27%
82	27%	27%	27%
83	27%	27%	27%
84	27%	27%	27%

\* Benefit Differences between LTC-06 PA and ICC12-LTC-12:

LTC-06 PA does not have the Double Coverage for Accident Benefit or Return of Premium Prior to 65 Benefit

LTC-06 PA provides respite care and homemaker services, in addition to home health care and hospice care

ICC12-LTC-12 benefits paid under the Stay at Home Benefit will not reduce the Policy Limit

LTC-06 PA rates are for a 100 service-day EP, ICC12-LTC-12 rates are for a 90 service-day EP

ICC12-LTC-12 underwriting guidelines and classification are stricter than for LTC-06 PA

ICC12-LTC-12 unisex rates are determined by assuming a 60% female / 40% male mix of business

ICC12-LTC-12 5 yrs + 1M Rider rates are approximated by applying the ratio of [LTC-03 Lifetime (or 5 yrs + 1M Rider) / LTC-03 5 yrs] to the ICC12-LTC-12 5 yrs rates (LTC-03 was the last product in which we offered Lifetime benefit period option)

**Appendix A - Comparison to New Business Rates (Leading Edge Series)**

Rates shown are for a 100-day EP, single, Standard policyholder, and are per \$10 daily benefit

**Inflation Option: 5% Compound Inflation**

New Business Rates adjusted for Benefit Differences* :				LTC-06 PA Rates after Requested Rate Increases excluding additional rate increase due to cost of delay :				LTC-06 PA Rates after Requested Rate Increases including additional rate increase due to cost of delay :				LTC-06 PA 2016 Rate Increases (%) :			
Issue	Benefit Period			Issue	Benefit Period			Issue	Benefit Period			Issue	Benefit Period		
Age	3	5	5 years + 1M Rider	Age	3	5	5 years + 1M Rider	Age	3	5	5 years + 1M Rider	Age	3	5	5 years + 1M Rider
18-29	325.29	400.39	639.22	18-29	97.73	144.69	208.15	18-29	97.73	144.69	208.15	18-29	27%	27%	27%
30	328.11	404.29	646.86	30	105.35	152.31	218.31	30	105.35	152.31	218.31	30	27%	27%	27%
31	328.75	405.37	651.25	31	107.88	154.85	222.12	31	107.88	154.85	222.12	31	27%	27%	27%
32	329.84	406.02	651.25	32	110.42	157.38	227.19	32	110.42	157.38	227.19	32	27%	27%	27%
33	330.49	407.10	652.66	33	112.96	159.92	232.27	33	112.96	159.92	232.27	33	27%	27%	27%
34	331.14	407.75	652.66	34	114.23	163.73	236.08	34	114.23	163.73	236.08	34	27%	27%	27%
35	332.22	408.83	654.13	35	116.77	166.27	241.15	35	116.77	166.27	241.15	35	27%	27%	27%
36	332.22	409.92	658.35	36	119.31	168.81	246.23	36	119.31	168.81	246.23	36	27%	27%	27%
37	332.87	410.56	661.81	37	123.12	172.62	251.31	37	123.12	172.62	251.31	37	27%	27%	27%
38	333.95	411.65	661.81	38	125.65	175.15	256.38	38	125.65	175.15	256.38	38	27%	27%	27%
39	334.60	412.30	663.26	39	128.19	178.96	261.46	39	128.19	178.96	261.46	39	27%	27%	27%
40	335.25	413.38	667.31	40	130.73	181.50	266.54	40	130.73	181.50	266.54	40	27%	27%	27%
41	337.41	417.71	670.68	41	133.27	184.04	270.35	41	133.27	184.04	270.35	41	27%	27%	27%
42	338.93	421.60	673.39	42	135.81	185.31	275.42	42	135.81	185.31	275.42	42	27%	27%	27%
43	341.09	425.28	675.79	43	138.35	187.85	279.23	43	138.35	187.85	279.23	43	27%	27%	27%
44	343.26	429.61	694.44	44	140.88	190.38	284.31	44	140.88	190.38	284.31	44	27%	27%	27%
45	344.77	433.94	697.82	45	143.42	192.92	288.12	45	143.42	192.92	288.12	45	27%	27%	27%
46	346.93	438.27	701.23	46	145.96	195.46	293.19	46	145.96	195.46	293.19	46	27%	27%	27%
47	349.10	442.60	704.66	47	148.50	196.73	298.27	47	148.50	196.73	298.27	47	27%	27%	27%
48	351.26	446.92	713.92	48	151.04	199.27	302.08	48	151.04	199.27	302.08	48	27%	27%	27%
49	353.21	451.25	717.38	49	154.85	201.81	307.15	49	154.85	201.81	307.15	49	27%	27%	27%
50	355.38	455.58	720.86	50	157.38	204.35	312.23	50	157.38	204.35	312.23	50	27%	27%	27%
51	357.76	459.04	720.86	51	159.92	209.42	319.85	51	159.92	209.42	319.85	51	27%	27%	27%
52	360.57	462.51	727.60	52	162.46	214.50	326.19	52	162.46	214.50	326.19	52	27%	27%	27%
53	363.38	465.32	727.60	53	165.00	219.58	333.81	53	165.00	219.58	333.81	53	27%	27%	27%
54	366.85	468.35	732.83	54	168.81	224.65	341.42	54	168.81	224.65	341.42	54	27%	27%	27%
55	369.66	471.81	732.83	55	171.35	229.73	349.04	55	171.35	229.73	349.04	55	27%	27%	27%
56	373.12	474.19	740.60	56	178.96	238.62	365.54	56	178.96	238.62	365.54	56	27%	27%	27%
57	377.23	476.14	748.22	57	186.58	247.50	382.04	57	186.58	247.50	382.04	57	27%	27%	27%
58	380.70	478.52	756.38	58	194.19	256.38	399.81	58	194.19	256.38	399.81	58	27%	27%	27%
59	385.24	479.82	759.72	59	203.08	266.54	417.58	59	203.08	266.54	417.58	59	27%	27%	27%
60	389.35	481.77	766.90	60	211.96	276.69	436.61	60	211.96	276.69	436.61	60	27%	27%	27%
61	401.47	493.02	783.04	61	224.65	291.92	455.65	61	224.65	291.92	455.65	61	27%	27%	27%
62	413.16	503.20	790.06	62	237.35	308.42	474.69	62	237.35	308.42	474.69	62	27%	27%	27%
63	426.58	514.45	806.44	63	251.31	326.19	495.00	63	251.31	326.19	495.00	63	27%	27%	27%
64	438.92	525.70	815.75	64	265.27	345.23	516.58	64	265.27	345.23	516.58	64	27%	27%	27%
65	452.34	536.96	829.85	65	280.50	364.27	538.15	65	280.50	364.27	538.15	65	27%	27%	27%
66	475.49	572.67	876.90	66	303.35	393.46	574.96	66	303.35	393.46	574.96	66	27%	27%	27%
67	499.30	610.54	927.12	67	327.46	425.19	615.58	67	327.46	425.19	615.58	67	27%	27%	27%
68	524.19	651.23	986.02	68	352.85	459.46	658.73	68	352.85	459.46	658.73	68	27%	27%	27%
69	550.16	694.74	1042.10	69	380.77	496.27	704.42	69	380.77	496.27	704.42	69	27%	27%	27%
70	578.30	740.40	1105.92	70	411.23	536.88	752.65	70	411.23	536.88	752.65	70	27%	27%	27%
71	629.59	791.69	1162.37	71	453.11	588.92	816.11	71	453.11	588.92	816.11	71	27%	27%	27%
72	686.73	845.59	1219.42	72	500.08	647.31	885.92	72	500.08	647.31	885.92	72	27%	27%	27%
73	748.19	904.02	1286.49	73	550.85	710.77	960.81	73	550.85	710.77	960.81	73	27%	27%	27%
74	814.85	966.57	1358.31	74	606.69	780.58	1042.04	74	606.69	780.58	1042.04	74	27%	27%	27%
75	888.01	1033.01	1427.13	75	668.88	856.73	1129.61	75	668.88	856.73	1129.61	75	27%	27%	27%
76	1003.04	1284.27	1771.73	76	722.19	937.96	1241.31	76	722.19	937.96	1241.31	76	27%	27%	27%
77	1078.13	1380.93	1908.53	77	778.04	1025.54	1363.15	77	778.04	1025.54	1363.15	77	27%	27%	27%
78	1156.32	1489.27	2056.19	78	840.23	1123.27	1497.69	78	840.23	1123.27	1497.69	78	27%	27%	27%
79	1240.04	1606.32	2215.30	79	906.23	1228.61	1646.19	79	906.23	1228.61	1646.19	79	27%	27%	27%
80	1953.66	2545.49	3512.77	80	996.35	0.00	0.00	80	996.35	0.00	0.00	80	27%	0%	0%
81	2069.78	2694.38	3717.03	81	1096.61	0.00	0.00	81	1096.61	0.00	0.00	81	27%	0%	0%
82	2196.45	2857.75	3944.16	82	1205.77	0.00	0.00	82	1205.77	0.00	0.00	82	27%	0%	0%
83	2326.63	3026.33	4181.11	83	1326.34	0.00	0.00	83	1326.34	0.00	0.00	83	27%	0%	0%
84	2464.12	3203.36	4429.94	84	1459.61	0.00	0.00	84	1459.61	0.00	0.00	84	27%	0%	0%

\* Benefit Differences between LTC-06 PA and ICC12-LTC-12:

LTC-06 PA does not have the Double Coverage for Accident Benefit or Return of Premium Prior to 65 Benefit

LTC-06 PA provides respite care and homemaker services, in addition to home health care and hospice care

ICC12-LTC-12 benefits paid under the Stay at Home Benefit will not reduce the Policy Limit

LTC-06 PA rates are for a 100 service-day EP, ICC12-LTC-12 rates are for a 90 service-day EP

ICC12-LTC-12 underwriting guidelines and classification are stricter than for LTC-06 PA

ICC12-LTC-12 unisex rates are determined by assuming a 60% female / 40% male mix of business

ICC12-LTC-12 5 yrs + 1M Rider rates are approximated by applying the ratio of [LTC-03 Lifetime (or 5 yrs + 1M Rider) / LTC-03 5 yrs] to the ICC12-LTC-12 5 yrs rates (LTC-03 was the last product in which we offered Lifetime benefit period option)

**Appendix B1**  
**John Hancock Life Insurance Company (U.S.A.)**  
**LTC-06 PA, LTC-06 FR PA**  
*Premiums to be used only with those*  
*that have not previously elected an inflation decrease option*

**Standard rates per \$10 of Daily Coverage**  
**100 Day Elimination Period**

Age	5% Compound Guaranteed Purchase			Automatic Inflation			5% Compound Inflation		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + \$1M Rider	3 Years	5 Years	5 Years + \$1M Rider	3 Years	5 Years	5 Years + \$1M Rider
18-29	15.23	20.31	29.19	62.19	78.69	110.42	97.73	144.69	208.15
30	16.50	22.85	33.00	66.00	82.50	116.77	105.35	152.31	218.31
31	17.77	24.12	34.27	67.27	85.04	119.31	107.88	154.85	222.12
32	19.04	25.38	36.81	68.54	86.31	121.85	110.42	157.38	227.19
33	20.31	26.65	38.08	71.08	88.85	125.65	112.96	159.92	232.27
34	21.58	27.92	40.62	72.35	90.12	128.19	114.23	163.73	236.08
35	22.85	29.19	41.88	73.62	92.65	130.73	116.77	166.27	241.15
36	24.12	31.73	45.69	74.88	95.19	134.54	119.31	168.81	246.23
37	25.38	33.00	48.23	77.42	96.46	137.08	123.12	172.62	251.31
38	26.65	34.27	49.50	78.69	99.00	140.88	125.65	175.15	256.38
39	27.92	36.81	52.04	81.23	101.54	143.42	128.19	178.96	261.46
40	29.19	38.08	54.58	82.50	104.08	147.23	130.73	181.50	266.54
41	30.46	40.62	57.12	85.04	107.88	152.31	133.27	184.04	270.35
42	33.00	43.15	60.92	88.85	111.69	157.38	135.81	185.31	275.42
43	34.27	45.69	64.73	91.38	115.50	163.73	138.35	187.85	279.23
44	36.81	48.23	68.54	95.19	119.31	168.81	140.88	190.38	284.31
45	38.08	50.77	72.35	97.73	124.38	175.15	143.42	192.92	288.12
46	40.62	53.31	76.15	101.54	128.19	181.50	145.96	195.46	293.19
47	43.15	57.12	79.96	105.35	133.27	187.85	148.50	196.73	298.27
48	45.69	59.65	85.04	109.15	137.08	194.19	151.04	199.27	302.08
49	48.23	63.46	90.12	112.96	142.15	200.54	154.85	201.81	307.15
50	50.77	67.27	95.19	116.77	147.23	208.15	157.38	204.35	312.23
51	53.31	69.81	100.27	120.58	149.77	214.50	159.92	209.42	319.85
52	55.85	72.35	105.35	123.12	153.58	219.58	162.46	214.50	326.19
53	59.65	74.88	110.42	126.92	157.38	225.92	165.00	219.58	333.81
54	62.19	77.42	115.50	130.73	159.92	232.27	168.81	224.65	341.42
55	66.00	79.96	121.85	134.54	163.73	238.62	171.35	229.73	349.04
56	69.81	86.31	129.46	140.88	171.35	250.04	178.96	238.62	365.54
57	73.62	91.38	138.35	148.50	180.23	262.73	186.58	247.50	382.04
58	78.69	99.00	147.23	156.12	187.85	275.42	194.19	256.38	399.81
59	82.50	105.35	157.38	163.73	198.00	288.12	203.08	266.54	417.58
60	87.58	112.96	167.54	171.35	206.88	302.08	211.96	276.69	436.61
61	95.19	123.12	180.23	181.50	219.58	319.85	224.65	291.92	455.65
62	104.08	133.27	194.19	190.38	233.54	338.88	237.35	308.42	474.69
63	112.96	144.69	209.42	201.81	247.50	359.19	251.31	326.19	495.00
64	123.12	157.38	224.65	213.23	262.73	379.50	265.27	345.23	516.58
65	134.54	171.35	242.42	224.65	279.23	402.35	280.50	364.27	538.15
66	148.50	189.12	266.54	241.15	303.35	436.61	303.35	393.46	574.96
67	162.46	208.15	293.19	257.65	328.73	473.42	327.46	425.19	615.58
68	178.96	229.73	322.38	276.69	356.65	512.77	352.85	459.46	658.73
69	196.73	253.85	355.38	295.73	387.11	555.92	380.77	496.27	704.42
70	215.77	279.23	390.92	317.31	420.11	602.88	411.23	536.88	752.65
71	242.42	312.23	431.54	349.04	463.27	651.11	453.11	588.92	816.11
72	274.15	347.77	475.96	384.58	510.23	701.88	500.08	647.31	885.92
73	308.42	388.38	525.46	422.65	562.27	757.73	550.85	710.77	960.81
74	346.50	434.08	580.04	465.81	620.65	817.38	606.69	780.58	1042.04
75	390.92	484.85	640.96	512.77	684.11	882.11	668.88	856.73	1129.61
76	435.35	540.69	714.58	561.00	748.85	974.77	722.19	937.96	1241.31
77	486.11	602.88	795.81	614.31	819.92	1077.58	778.04	1025.54	1363.15
78	541.96	671.42	885.92	673.96	898.61	1190.54	840.23	1123.27	1497.69
79	604.15	748.85	987.46	737.42	983.65	1316.19	906.23	1228.61	1646.19
80	665.08	823.73	1086.46	811.04	1082.65	1448.19	996.35		
81	731.08	906.23	1195.61	892.27	1190.54	1592.88	1096.61		
82	804.69	996.35	1314.92	981.11	1309.84	1752.81	1205.77		
83	884.65	1096.61	1446.92	1078.85	1440.58	1927.96	1326.34		
84	973.50	1205.77	1591.61	1186.73	1585.27	2120.88	1459.61		
85	1071.23	1326.34	1750.27	1306.04	1743.92	2332.84	1605.58		
86	1177.84	1459.61	1925.42	1436.77	1917.81	2566.38	1766.77		
87	1295.88	1605.58	2118.34	1580.19	2109.46	2822.77	1943.19		
88	1425.34	1766.77	2330.31	1738.84	2320.15	3104.54	2137.38		
89	1567.50	1943.19	2563.84	1912.73	2552.42	3415.50	2350.61		
90	1724.88	2137.38	2820.23	2104.38	2807.54	3756.92	2585.42		
91	1897.50	2350.61	3102.00						
92	2087.88	2585.42	3411.69						
93	2297.31	2844.34	3753.11						
94	2527.04	3128.65	4128.80						
95	2779.61	3442.15	4541.30						
96	3057.57	3786.11	4995.69						
97	3363.46	4164.34	5495.76						
98	3699.80	4580.65	6045.34						
99	4070.42	5038.84	6649.49						
100+	4477.84	5542.72	7314.57						

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,  
or for attained age GPO purchases and GIO purchases only

**Appendix C1**  
**John Hancock Life Insurance Company (U.S.A.)**  
**LTC-06 PA, LTC-06 FR PA**  
*Premiums to be used only with those*  
*that have not previously elected an inflation decrease option*  
**Standard rates per \$10 of Daily Coverage**  
**100 Day Elimination Period**

Age	4% Compound Inflation		
	Benefit Period		
	3 Years	5 Years	5 Years + \$1M Rider
18-29	77.00	114.00	164.00
30	83.00	120.00	172.00
31	85.00	122.00	175.00
32	87.00	124.00	179.00
33	89.00	126.00	183.00
34	90.00	129.00	186.00
35	92.00	131.00	190.00
36	94.00	133.00	194.00
37	97.00	136.00	198.00
38	99.00	138.00	202.00
39	101.00	141.00	206.00
40	103.00	143.00	210.00
41	105.00	145.00	213.00
42	107.00	146.00	217.00
43	109.00	148.00	220.00
44	111.00	150.00	224.00
45	113.00	152.00	227.00
46	115.00	154.00	231.00
47	117.00	155.00	235.00
48	119.00	157.00	238.00
49	122.00	159.00	242.00
50	124.00	161.00	246.00
51	126.00	165.00	252.00
52	128.00	169.00	257.00
53	130.00	173.00	263.00
54	133.00	177.00	269.00
55	135.00	181.00	275.00
56	141.00	188.00	288.00
57	147.00	195.00	301.00
58	153.00	202.00	315.00
59	160.00	210.00	329.00
60	167.00	218.00	344.00
61	177.00	230.00	359.00
62	187.00	243.00	374.00
63	198.00	257.00	390.00
64	209.00	272.00	407.00
65	221.00	287.00	424.00
66	239.00	310.00	453.00
67	258.00	335.00	485.00
68	278.00	362.00	519.00
69	300.00	391.00	555.00
70	324.00	423.00	593.00
71	357.00	464.00	643.00
72	394.00	510.00	698.00
73	434.00	560.00	757.00
74	478.00	615.00	821.00
75	527.00	675.00	890.00
76	569.00	739.00	978.00
77	613.00	808.00	1074.00
78	662.00	885.00	1180.00
79	714.00	968.00	1297.00
80	785.00		
81	864.00		
82	950.00		
83	1045.00		
84	1150.00		
85	1265.00		
86	1392.00		
87	1531.00		
88	1684.00		
89	1852.00		
90	2037.00		
91			
92			
93			
94			
95			
96			
97			
98			
99			
100+			

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,  
or for attained age GPO purchases and GIO purchases only

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**John Hancock Life Insurance Company (U.S.A.)**

(Not licensed in New York)

[William J. Ball  
Vice President]

Long-Term Care Insurance  
P.O. Box 111, R-02, Suite 1700  
Boston, Massachusetts 02117-0111



[First Name] [Last Name]  
[Address1]  
[Address2]  
[City], [State] [Zip]

[Date]

Re: Notice of Premium Rate Increase – Long-Term Care Insurance Policy No. [xxx]. **Decision required by [date].**  
[Company name]

Dear [First Name] [Last Name],

John Hancock is committed to ensuring long-term care (LTC) insurance benefits will be there for our policyholders when they need them most. To uphold this responsibility, we continuously monitor the experience of our inforce LTC insurance policies. Our most recent analysis demonstrates that claims, particularly at older ages, continue to last longer than expected, and more policyholders are initiating claims at older ages than previously expected. Unfortunately, based on that data, we have determined that there is a need to increase premiums so we can meet our future claims obligations.

#### **Options to Mitigate the Premium Increase**

We sincerely regret having to take this action and understand that a premium increase may not be affordable for some. **Therefore, we are offering you an option to keep your premium at its current level by reducing your future annual inflation rate and keeping all other benefits the same.** Please see the enclosed "Options Worksheet" for more information on this as well as additional options that will enable you to minimize the premium increase.

#### **About the Premium Increase**

Based on your current benefit selections, unless you elect the option described in the above paragraph or one of the alternative options described in your Options Worksheet, your premiums will increase from [current premium] to [new premium], [policy mode]. This new premium will be effective for premiums due on or after [next policy anniversary]. Please note this letter is not a bill.

It is important to know that this premium rate increase has been filed with the [policy issue state] Department of Insurance. No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. Our decision to increase premiums on certain policies is based upon the future claims anticipated on these policies. Please note that the decision to request a premium increase on these LTC insurance policies has been made by John Hancock, not your insurance agent, nor the [policy issue state] Department of Insurance. As a reminder, per the terms of your policy, premium rates are not guaranteed and could be increased again in the future.

We recommend that you review all options available to you (including paying the rate increase and any available benefit reduction options) to determine which option is appropriate for your needs and consult with your family members and other advisors. You may also wish to contact the State Health Insurance Assistance Program (SHIP) located in your state if you need additional counseling on determining your response. Please go to [www.shiptacenter.org](http://www.shiptacenter.org) to find the SHIP location closest to you. In addition, you may also wish to contact your State Department/Bureau of Insurance if you need additional counseling on determining your response. Please go to [http://naic.org/state\\_web\\_map.htm](http://naic.org/state_web_map.htm) to find your State Department/Bureau of Insurance.



## Importance of LTC Insurance Coverage

As you decide which of the coverage options described in this letter works best for you, you may wish to consider the value offered by LTC insurance. The need for care can be one of the most significant challenges a person can face – both personally and financially. LTC insurance provides valuable protection that may not be available with your health insurance or from government programs.

John Hancock has seen the difference this insurance has made in the lives of our customers and their family members. We remain committed to delivering on our promise to provide the coverage, support and service, when and where you need care.

## Included in this Package

As previously mentioned, John Hancock wants to ensure that you have a clear understanding of the need for this premium rate increase as well as any options that might be available to minimize the increase. We hope the information included in this package can answer any questions you may have about the premium rate increase and help guide you through the process.

- **Options Worksheet** (pages 3 and 4) – details your current coverage and will provide you with options you can elect in order to help mitigate the premium increase. Please be advised that all of the options available to you may not be of equal value, so please review this information carefully.
- **Frequently Asked Questions** (page 5) – John Hancock has compiled a list of some of our most frequently asked questions. We hope this will help with any questions you may have about the increase and the impact it will have on your LTC policy.
- **Coverage Change Request Form** (page 6) – after reviewing your benefit and premium information, should you choose to make a change to your coverage, we've included a coverage change form you can fill out and send directly to John Hancock.

## Next Steps

- If you decide to reduce your coverage as outlined in the Options Worksheet, simply complete the "Coverage Change Request Form" and return it to John Hancock by **[Month XX, YYYY]**.
- If you choose to make no changes to your coverage, no action is required, and your new increased premium will become effective on **[Month XX, YYYY]**.

## For Further Assistance

Again, we sincerely regret having to take this action, but we hope you find that the options provided are helpful. If you have any questions, please visit [www.jhinfocenter.com](http://www.jhinfocenter.com) or contact one of our customer service representatives at [844-272-7842], Monday through Friday from 8:00 a.m. – 6:00 p.m. Eastern Time. The TTY number for the hearing impaired is 800-555-5421. Our dedicated team is available to help you make a decision that best meets your personal needs.

Sincerely,



[William J. Ball  
Vice President, U.S. Insurance Operations]

Enclosures:

Options Worksheet  
Frequently Asked Questions  
Coverage Change Request Form

## YOUR PERSONALIZED OPTION

To keep your premium at its current level we are offering you a one-time opportunity to reduce your future annual inflation rate. The table below shows your current premium and the new premium you will be charged if you keep your current annual inflation rate. The table also shows what your reduced inflation rate will be if you choose the personalized option, which will only be applied to future inflation increases that occur after the rate increase effective date. All other existing benefits and previous inflation increases that have already been applied to your policy through the effective date of the inflation rate reduction will be maintained.

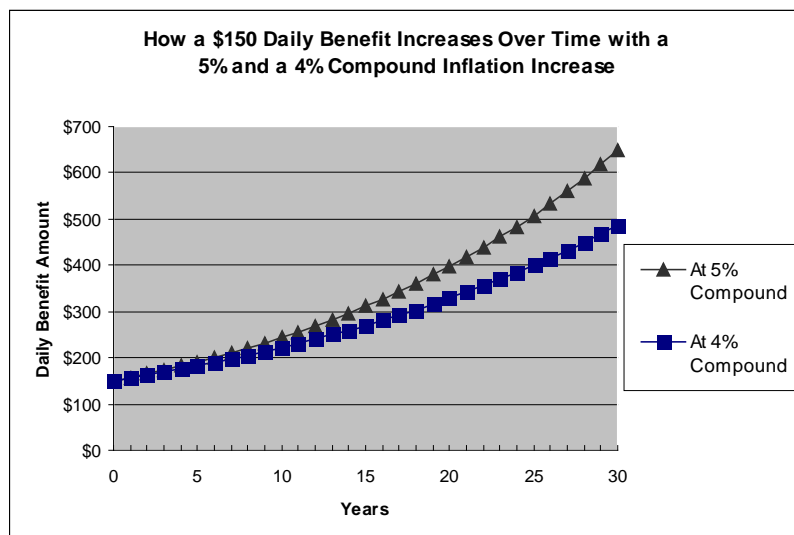
	Keep your current annual inflation rate	Personalized Option: Reduce your future annual inflation rate
Daily/Monthly Benefit <sup>1</sup>	[\$XXX]	[\$XXX]
Benefit Period <sup>2</sup>	[X-year]	[X-year]
Inflation Option <sup>[3]</sup>	[5%]	[X.X%]
Elimination Period	[XX]	
Optional Riders	[List here]	
Current [policy mode] Premium	[\$XX.XX]	
<b>New [policy mode] Premium*</b>	<b>[\$XX.XX]</b>	<b>[\$XX.XX]</b>

\*As of [Month XX, YYYY]

Please note: Variations of this personalized option are not available, though other options to help minimize the increase may be. [It is also important to note that your coverage includes a "Limited Pay" premium provision. Please consider the number of remaining payments before making the decision to reduce your benefits.] For more information, please call John Hancock at **[844-272-7842]**.

## [Information to Consider]

The graph below is an example of how a \$150 daily benefit amount increases over the next 30 years at [5%] and [4%] annually compounding rates. To help you with your inflation coverage decision, we thought it might be useful to also provide you with the latest trends in the cost of care. The chart to the right shows the national average annual increase over the past [five] years for the cost of care in various care settings. Please visit [www.jhinfocenter.com](http://www.jhinfocenter.com) for current cost of care information specific to your area. As you evaluate what is best for you, we encourage you to consider the current and projected cost of care in your area, as well as how much of that amount you are willing and able to pay from your own savings.



Trends in the Cost of Care	
Long-Term Care Setting	[8]-Year Average Annual Increase
Nursing Home: Private Room	[3.1%]
Nursing Home: Semi-Private Room	[3.2%]
Assisted Living Facility	[2.1%]
Home Health Care Aide	[1.5%]
Adult Day Care	[1.5%]

[The 8-year average annual increases are based on a subset of common providers from our 2008, 2013 and 2016 Cost of Care surveys]

<sup>1</sup> [Daily/Monthly] Benefit is the most the coverage will reimburse for the costs of covered long-term care services received on [any day/in any month]. Your [Daily/Monthly] Benefit shown above reflects any inflation increase through [next policy anniversary].

<sup>2</sup> Benefit Period is used to calculate your Policy Limit by multiplying your [Daily/Monthly] Benefit by the number of [days/months] in [X-years] [ or Y-years]. The Policy Limit represents the total pool of money available to reimburse the costs of covered long-term care services you receive while insured.

<sup>3</sup>A reduction to your future annual inflation rate will apply to your [Daily/Monthly] Benefit. The inflation rate on your Policy Limit will remain at 3%. ]

## YOUR ALTERNATIVE OPTIONS TO REDUCE COVERAGE AND LOWER PREMIUMS

To help mitigate the premium increase, you may be eligible to reduce other benefits. For example, you may be eligible to:

- Reduce your current [daily/monthly benefit]\*
- [Reduce your benefit period\*]
- [Increase your elimination period]
- [Drop an optional rider]

\* This reduction will also result in a corresponding decrease in your Total Policy Limit.

Please note - in certain instances the ability to reduce your benefits may not be available due to state-regulated minimum benefit requirements or the available plan options. [In addition, certain changes are subject to Partnership regulatory benefit minimum requirements.] [Your policy includes a "Limited Pay" premium provision. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.] For more information on these options as well as the new premium amounts, please call John Hancock at **[844-272-7842]**.]

### **[Exercise the Nonforfeiture Benefit, resulting in a paid-up policy with reduced benefits]**

Your policy includes a Nonforfeiture Benefit, which enables you to discontinue paying premiums and provides you with a paid-up policy with reduced benefits. By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

### **[Exercise the Contingent Nonforfeiture Benefit, resulting in a paid-up policy with reduced benefits]**

If you choose to cancel your policy within 120 days of [next policy anniversary date], we will modify your policy limit (lifetime maximum benefit amount) and convert your policy to paid-up status where no further premiums are due. Your new policy limit will be [\$XXXX], which represents the sum of all premiums paid.\* By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

[The following terms apply if you choose to exercise the [Nonforfeiture][Contingent Nonforfeiture] Benefit:

- No benefits will be paid in excess of your new policy limit.
- Benefits will be paid subject to the daily/monthly benefit levels (and other coverage limits) in effect at the time you convert your policy to paid-up status.
- All optional benefit riders will automatically terminate.
- No future inflation adjustments will be made.
- All other applicable policy provisions, conditions, and limitations will remain in effect.]

[\*Calculated based on benefit amounts and on premiums paid to date as of [file extract date]. The actual Contingent Nonforfeiture benefit amount may be slightly higher as it will be calculated based on current benefits and premiums paid to date as of the effective date of your paid-up status.]

## IMPORTANT DATES

- ▶ If you choose an option listed on the enclosed Coverage Change Request Form, you must complete, sign and return the form by **[Month XX, YYYY]**.
- ▶ If you choose to make no changes to your coverage, no action is required. Your level of coverage will not change and your new increased premium will become effective on **[Month XX, YYYY]**.

**1. Why do you need to raise premium rates — can you explain further?**

When pricing a long-term care insurance product, insurance companies use the best available information at that time to predict how many policyholders might ultimately use the benefit in the future. This involves making certain assumptions about a variety of factors including: particular medical conditions, the expected lifespan of policyholders, the length of time policyholders keep their policies, and the cost of receiving long-term care services. If the actual experience differs in an unfavorable way from the expected experience based on these assumptions, a premium rate increase may become necessary.

Our most recent comprehensive claims study, which we generally conduct every three years, examines the usage trends for our insured population. It indicated that, like many carriers in this business, we have seen increased claims. Similar to our previous analysis, the new data demonstrates that claims, particularly at higher ages, continue to last longer than expected, and more policyholders are initiating claims at older ages than previously expected. Based on that data, we have determined that there is a need to increase inforce premiums on certain policy series.

**2. What is the policy provision that allows you to raise my premiums?**

The provision that allows for an increase in premiums can be found on the front page of your policy. Your policy indicates that, while your insurance company cannot change coverage or refuse to renew coverage for reasons other than nonpayment of premiums, the company is allowed to change or increase premiums so long as the increase applies to an entire class of policies. We are required to file premium increases on policy series, along with actuarial justification, with the department of insurance in the state where the policy was purchased, and may only implement the rate increase once we are permitted to do so.

**3. Have I been singled out for this rate increase because of my age or health?**

No, the increase applies to everyone who purchased the same long-term care insurance product you did. No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. Also, your state has not been singled out, as all states are included in our rate increase process.

**4. If I no longer live in the state where I purchased my policy, does the increase still apply?**

Yes. All LTC insurance policies are regulated by the original state in which they were written at the time of the purchase of the policy. That means that the state where you were residing when you purchased your policy continues to be the applicable state, even if you are now residing elsewhere.

**5. Is the premium rate increase due to the economic environment?**

No. We are increasing premium rates due to our claims experience, which indicates higher-than-expected claims on your policy series in the future.

**6. Is there an alternative to paying higher premiums?**

Yes. We are offering several benefit reduction alternatives and, in most cases, at least one option that will enable you to keep your premiums at or close to the same level as what you are paying today. The enclosed 'Options Worksheet' outlines your options. To further review these options, please contact one of our customer service representatives.

**7. Do I need to complete and return the enclosed Coverage Change Request Form?**

The enclosed Coverage Change Request Form need only be completed and returned to John Hancock should you decide you want to adjust your benefits or cancel your policy. Otherwise, no action is necessary on your part, as the premium rate increase will take place automatically on the policy anniversary date specified in your letter.

**8. Will there be additional premium increases in the future?**

Premium rates are not guaranteed and may be increased in accordance with the terms of your policy. We will continue to monitor our claims experience to determine whether future increases will be necessary.

**9. If I pay premiums through an automatic draft plan and my premium is changing, is there any action I need to take?**

No. If you have an automatic draft plan established through John Hancock, we will adjust the drafted amount.

**10. If I pay premiums through online banking and my premium is changing, is there any action I need to take?**

Yes. Please update your online banking payment information with the new premium amount prior to the rate increase effective date.

**COVERAGE CHANGE REQUEST FORM**

Individual LTC Insurance Policy for [First Name] [Last Name]

Policy # [XXXXX]

[Company Name]



We are offering you a one-time opportunity to elect your personalized option.

If you choose to make no changes to your current coverage, no action is required and your new increased premium will be effective on [Month XX, YYYY].

If you choose to change your coverage, you must select an option listed below, sign and return this Coverage Change Request Form by [Month XX, YYYY].

**Step 1: Select an option (please choose only one option)**

For more details, please see your Options Worksheet. [In some instances, certain changes are subject to Partnership regulatory benefit minimum requirements.] As a reminder, you may have alternative options available to mitigate the premium increase. For more information, please call John Hancock at [844-272-7842]. One of our Customer Service Representatives can discuss the impact of any change to your policy, and provide you with new premium amounts.

COVERAGE CHANGE OPTIONS	
<input type="checkbox"/>	[Reduce your future annual inflation rate from [5%] to [X.X%].]
<input type="checkbox"/>	[Exercise the [Nonforfeiture/Contingent Nonforfeiture] Benefit available on your policy.]
<input type="checkbox"/>	[Cancel your coverage. This change will be effective immediately.]]

**Step 2: Review Agreement and Acknowledgement**

I understand that my benefits and/or premium for those benefits will change based upon the option(s) I select.

I understand that premium rates are not guaranteed and may be increased again in the future if I am among the group of policyholders whose premiums are determined to be inadequate.

If I select an option(s) to change my coverage, I understand that, within 30 days of the date this change becomes effective, I may cancel the change in my coverage and return to my original coverage at the increased premium level.

I understand the policy change(s) I selected above. By signing below, I agree that any change(s) other than cancelling my policy, will be effective on my next policy anniversary provided this form is received by John Hancock by that date.

**Step 3: Sign and Date**\_\_\_\_\_  
Signature ([First Name] [Last Name])\_\_\_\_\_  
Date**Step 4: Return this completed form using the enclosed postage-paid envelope by [Month XX, YYYY].****[Mail]**

John Hancock  
LTC Coverage Election  
P.O. Box 111, R-02, Ste 1700  
Boston, MA 02117-0111

**FAX**

John Hancock  
LTC Coverage Election  
[844-272-7842]]

**EMAIL**

LTCforms@jhancock.com